

FINANCIAL TIMES

Monday June 30 1980

***20p



Plumbing Equipment for the Construction and Allied Trades. Northampton 52424

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28: DENMARK Kr 5.00; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 700; NORWAY Kr 5.00; PORTUGAL Esc 45; SPAIN Pts 70; SWEDEN Kr 5.00; SWITZERLAND Fr 2 0; EIRE 202; MALTA 205

recession

'may be

• RECESSION is likely to persist in the British economy

until nearly the end of 1981, the London Business School's

Centre for Economic Forecast-

ing warns. Inflation should decline, but unemployment is

likely to continue rising for

three years. Back and Page 5:

The month the orders dried up Page 14, Lombard Page 12

• DECLINING demand for

steel, which is this year expec-ted to be 7-8 per cent below

1979, will be the prime concern

of Mr. lan MacGregor, who

tomorrow becomes chairman of

• ELECTRICITY supply in-

dustry expects it will have to

cut planned expenditure in the

current financial year by £97m

to meet Government limits.

• TUC has called for the expan-

sion of EEC Social Fund to

provide money for training and

• FT GROCERY PRICES index

fell slightly in June to 128.53

from 128.79 in May, due mainly to lower-priced fruit and vege-tables. Page 4

• EXPORTS to South Africa

rose 33 per cent in the first five

months of 1980 to £365m and

may top £1hn by the year end.

SCIENTIFIC and technical

staff at ICI are being encour-

go on strike the week after next to press a pay claim. Back Page

• EDF, the French State elec-

tric utility, 1s raising a \$500m 10-year Euro-credit at a margin

above interbank rates for five

rising then to 0.45 points.

• ITALIAN lira continued to

lose ground and remained the

weakest member of the Euro-pean Monetary System last week. The French franc was

again the strongest currency.

followed by the Dutch guilder

and the Irish punt. The guilder and Belgian franc did not ap-

pear to suffer from recent cuts

in Dutch and Belgian central bank discount rates. Both have

been helped, however, by the

relative weakness of the D-mark,

which finished the second weakest member of the system.

Fears of measures to shore up

the beleaguered lira created

some confusion in forward

trading on Friday, but an Italian devaluation is not

127 EMS JUNE 27, 1980

The charts show the two cons on European Monetary System ex

expected at present

Page 17

Italian

102 -

87 -

64 –

by their unions to

retraining of workers. Page 6

unemployed

British Steel. Back Page

longer'

No. 28,205



GENERAL

Shah's health improves -Sadat

The condition of the former Shah of Iran has greatly improved, according to President Sadat of Egypt.

Last week, the exiled Shah. who has cancer, was admitted to a military hospital near Cairo after suffering a relapse.

After visiting the hospital yesterday. President Sadat said: Everything is under control. There may not be any need for a new operation."

In Tehran, nearly 500 em-ployees of the National Iranian Oil Company have been dismissed in response to a call from Ayatollah Khomeini Iran's revolutionary leader, for a sweeping purge of government.

Pinta plea

· Til ma

Farmers have asked Peter Walker, Agriculture Minister, to raise the price of a pint of milk by 14p to 18p on August

1. The last increase—11p—was in February.

Rates warning

Local authority spending can be brought under control only if pay awards are restrained and councils are made more accountable to ratepayers, Bryan Rigby, deputy director-general of the Confederation of British Industry, has told Michael Heseltine, Environment Secretary. Page 4; Amendments to local government Bill wgen, Back Page

'No' to computer

Government plat to put on a central computer the medical . NORCROS pre-tax profits for records of all pre-school age the year to March 31, 1980, children are being resisted by amounted to £19.18m against the British Medical Association, the £17.17m reported in 1978-79. which fears the traditional Page 16 and doctor-patient trust may be threatened. Page 4

Cathedral demo

Eight demonstrators supporting the ordination of women were escorted out of St Paul's Cathedral in London after unfurling banners during a service for the ordination of 19 men.

Kagan decision The Court of Appeal in Paris

will announce on Wednesday whether Lord Kagan, former head of Kagan Textiles, is to be extradited to the UK to face criminal charges. Page 5

Sailor rescued

British sailor Peter Phillips, who took to a liferaft when his transatlantic yacht sank, was picked up by a freighter 700 miles off Cape Cod.

Ashe freed

International Red Cross worker Robert Ashe, was was made an MBE this month for his work among Kampuchean refugees. was among four Westerners freed by Vietnamese troops on the Thai-Kampuchea border.

Double spy shot

A Palestinian double agent who worked for both Israel's secret service and the Palestinian underground movement was killed in an exchange of gunwith Israell forces in Nablus, on the occupied West Bank, Page 2

That's showbiz

Singer Joan Melu paid A\$3,000 #22.484), plus a percentage of ticket sales, to hire the 2.700-seat Sydney Opera House concert Hall. His audience of 28 included 10 journalists attracted my a newspaper report that he had sold only one ticket.

Briefly . . . on European Monetary System exchange rates. The upper grid, based on the weekest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2½ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies. Australian driver Alan Jones won the French Grand Prix in a Williams.

Ninety people were killed when their bus crashed into a canal

CONTENTS Recession: The month the Management: orders dried up 15 Pacific saga 11 German - U.S. relations: Surveys: Untimely discord 14 Latin America Inset Editorial comment: Pro- Freight and Export 19-22 tectionism, Kampuchea 14 services

in's Dry,

Party Diary 5
Recing 12
Share Information 26, 27

Today's Events 15
TV and Radio 12
UK News 2, 3, 4
Unit Trusts 25 World Econ. Ind. . World Trade PROSPECTUS-Tebbitt Group

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NEWS SUMMARY EEC to dismantle Economic Scandinavian paper price-fixing cartel

BY GILES MERRITT IN BRUSSELS

all the leading Scandinavian newsprint producers have combined to fix common prices in the European Community, is to be dismantled by the Brussels Commission.

After a lengthy and highly confidential investigation of the newsprint marketing arrange-ments of the principal Swedish. Norwegian and Finnish paper companies Brussels competition authorities are clamping down on what has been described as "the near-monopolistic pricing system" operated by these producers

Though the Scandinavian countries are not members of the EEC the companies' extensive sales network in the Community make them vulner-able to EEC action.

commission probe has established that the 12 main supplier, has so far resisted newsprint concerns of the three commission demands for a countries channel all their EEC sales through their three national agencies and so main-

tain a common pricing policy.

EEC newspaper industries imports of newsprint are dominated by the Scandinavian producers, who in turn derive export sales from the Community.

Commission negotiations with

ing to 10 per cent of their 1979 EEC sales of about £300m, have yielded a compromise agree-

The Scandinavian companies, which include such giants as Svenska Cellulosa and Stora-Kopparbert, will in future sell unit.

technical service-

divergence legal proceedings will be reopened. Germany's Feldmuhle and Finland, which with yearly Stora-Kopparbert of Sweden. will be reopened. newsprint sales to the EEC of industry and is the UK's chief

similar agreement. The country's been grouped with 20 other determinedly refusing to disabout 75 per cent of their total mantle their marketing company, Lamco Paper Sales.

A £450m-a-year cartel in which power to impose fines amount- and the question of the country's association agreement with the EEC has been raised.

Brussels rejects

claims that such co-operation is traditional, and insists that it will not sanction imports from an industry that acts as a single The commission's position is

For an interim period they strengthened by its ability under are to be permitted a joint the Rome Treaty to impose a delivery agency and a joint fine of up to £25m on Lamco's operating companies inside the

The Brussels authorities have EEC.

warned that prices will be closely scrutinised and that if there is no competitive price announces that it is signing a joint venture between West

The Brussels investigation over £255m has the single also discovered that prices for largest Scandinavian newsprint the output of their jointlyowned paper mill at Hilte in Sweden were being illegally fixed by the two companies.

The EEC examination of newsprint pricing is not solely newsprint manufacturers have aimed at the Scandinavian propaper mills in the Finnpap Italian producers, who until association since Finland's in-recently supplied all Italy's dependence in 1918, and are newsprint and paper needs, is under way.

Commission officials say that the current purge of producer Brussels has been warned of cartels, which is being extended the political difficulties in Finthe Swedish and Norwegian land that further legal moves of an overall plan to restructure industries, backed by Brussels' against Lamco could provoke, the EEC's own paper industry.

Building society receipts decline

BY MICHAEL CASSELL

BUILDING SOCIETY receipts in June have fallen to their lowest level this year. Early estimates suggest that net receipts this month have dropped to around £170m against £225m in May. Although this figure would represent the lowest monthly total since last December, when receipts fell to £161m, it would still show an improvement on the £125m

recorded in June, 1979. The further reduction in an already disappointing run of monthly figures is largely due to heavy withdrawals made to finance holiday expenditure which, as such, was expected by the societies.

But, despite the poor flow of net receipts, the societies have been maintaining lending at high levels. Advances have been running at a rate between £709m and £800m a month; and this trend is likely to continue, despite the poor inflow of deposits, as societies draw on liquid funds to maintain their lending programme.

Reports of an easing in the mortgage situation are becoming more widespread and many societies say that demand for loans has been significantly reduced in recent weeks. High interest rates and growing concern over prospects for incomes are given as the major causes and some societies say that many people who could afford to move homes are preferring to wait because of the general economic uncertainties.

There are even indications that some building society branches are now finding it difficult to lend out their entire mortgage quotas, a situation which the societies have rarely experienced in recent years. The long queues for loans which characterised the market until the early part of 1980 have gone as the number of house sale ransactions has declined. Societies are now waiting for

a fall in interest rates generally vhich they expect will lead to (£750m) to about an improvement in the inflow of

> If interest rates in the economy fall only marginally over the next few months, the societies are likely to resist any pressure to follow-whatever the immediate level of mortgage demand. A substantial drop in interest rates would, however, see the societies following, although they are anxious to establish a wider competitive edge over other deposit-taking institutions

Big increase in loans by banks to home buyers, Page 4

Miller hints at \$25bn U.S. tax cut BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON MR. G. WILLIAM MILLER,

Secretary of the U.S. Treasury, hinted broadly yesterday that President Jimmy Carter would to £10.7bn) income tax cut so long as it was not implemented before the start of next year. Miller sharply denounced as "a Barnum and Bailey circus" last week's 10 per cent across-theboard tax reduction package in 1981 advanced by Mr. Royald Reagan, Republican presidentian candidate-apparent: Mr. Miller charged that Mr. Reagan

was irresponsibly trying to buy votes "with gimmicks." Any tax cut, the Treasury Secretary said, should be carefully drawn up and aim to offer maximum help to the economy. It should not be put into effect until Congress had shown itself willing and able to control Federal spending and thereby

reduce inflationary expectations. Tomorrow Mr. Carter is due to confer in the White House with the Congressional Democratic hierarchy on ways of cooling, or, Reason if necessary, barnessing, the tax-cut fever sweeping Capitol Hill and the sharpness of the recession have become felt. At the end of last week, Democrats in the Senate, clearly

put on the defensive by Mr. Reagan's tax initiative and by vigour with which their Republican colleagues threatened to ram it through. were forced to promise to draw up their own Bill in September. The Administration has already begun work on its own package but is unwilling to discuss details until its midyear economic review is completed next month, and until the Senate passed a supple it has a clearer idea whether or mental Appropriations Bill. I not Congress will abide by the was loaded with funding for budgetary ceilings adopted only special projects which makes

Ironically, it is probable that staunch whatever the Administration or Congress comes up with will be similar in total amounts, if not reflect the growing realisation in component parts, to Mr. Reagan's proposal.

The tax-cut issue has become able. more of a political than an traditional election year "pork economic football. The sharpness of the current recession has narrowed the range of economic arguments, from whether or not there ought to be a tax reduction, bearing in mind the potential inflationary consequences, to its size and the disposition of its benefits among individuals and corpora-

But the politicians are literally falling over each other to clain authorship rights. Mr. Reagan' own proposal was a fairly naked accept a \$20bn to \$25bn (£8.5bn attempt to pre-empt Presiden Carter's own prerogatives. Bu it was a doubly effective ploy pefore the start of next year, because it not only put Admini In a television interview, Mr. stration and Democrats in Con Ailler sharply denounced as "a gress on the defensive bu Reagan was in reality retreat ing from his earlier advocacy of a more swingeing tax-cu

Congress is in a notoriously fickle mood as it pays increas ing heed to the electorate. This was perfectly illustrated lass Friday when the House of Repre sentatives voted heavily in favour of recommitting for further study the President's proposed Energy Mobilisation Board. The board would have been empowered to cut through bureaucratic and legal obstacle in pursuit of development of alternative energy sources.

Neither Administration offi cials nor the floor-managers of the House Bill had foreseen that the unlikely coalition of conservatives, environmentalists and States-righters would be so effective. After all, earlier this month, Congress had given the President an equally contro versial leg of his energy policy by passing the Synthetic Fuels

Mr. Carter, who has few firm friends on Capi of Hill anyway has now good reason to be ner behavour of the present session of Congress. Over the weekend some mockery of the recent determination

Although this may partly that the recession has made balancing the budget unattain it also smacks of barral" politics,

It is now conceivable that, like it or not, Mr. Carter will find himself embroiled in 2 cax debate in Congress in the autumn at precisely that time when he would rather be trying to slay the Reagan dragon by making his probably opponent the main issue in the presidential campaign.

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W. German—Soviet pact ready to be signed

BY JOHNATHAN CARR IN BONN

WEST GERMANY and the Soviet Union are due to sign the Foreign Minister, who is a detailed programme of accompanying Herr Schmidt on economic and industrial operation during Chancellor then fly to Washington on Wedyears of 0.35 percentage points Helmut Schmidt's visit to Mos-nesday to brief the U.S. Governcow starting today. It is ment. understood to include joint exploitation of nuclear power, intensified co-operation in chemicals. engineering and

electronics, and exchanges of patents, licenses and know-how. The programme may be viewed with concern by some of West Germany's allies, coming barely six months after the Soviet intervention in Afghanistan. However Bonn has gone out of its way to keep its allies informed of its intentions, and to reassure them that it will

abide by current agreements on Western trade with Moscow. This economic element is being described in Bonn as secondary to the political aims of Herr Schmidt's trip-namely to probe the Soviet position on Afghanistan and on the intermediate-range nuclear missiles

problem. However, it is felt that the Russians may be hoping to emphasise the bilateral issues, not only by signature of the long term accord, but by giving the green light for detailed negotiation of a big new Soviet-

German natural gas deal, Herr Schmidt is said to be determined that the broader political issues should remain foremost, and is taking care to ensure that his allies are quickly told of the results of his talks. from a total volume of less than

his two-day trip to Moscow, will

between Herr Schmidt and President Jimmy Carter is said here to have cleared up misunderstandings hetween the two leaders in connection with the Moscow visit.

But the German side remains highly sensitive to charges that it is conducting "business as usual" with Moscow despite the Soviet intervention in Afghanistan. Bon nis aware that the ne waccord might be interpreted in precisely that

Determination

Until last month it was not clear that there could be any such accord-because of Afgha-Nikolai Tikhonov, first deputy premier.
The German side stresses that

nothing in the document alters Bonn's determination that no German company will take up business lost to an American one because of the Afghanistan hoycott—and that Western guidelines on exports of strategic goods to the East will be strictly observed. West German-Soviet trade has risen

Herr Schmidt will not be negotiating on the proposed natural gas deal which, the Government says, is a matter for individual German indus-The recent talk in Vencie trial companies and banks, not for Bonn.

DM 14bn over the last decade.

However, officials concede that Moscow might use this occasion to give the go-ahead from its side for detailed talks on the project. This would involve construction of a DM 20bn gas pipeline from Siberia to Western Europe with German concerns mainly involved in supplying the pipe and receiving gas in payment would be arranged Credit through a German bank consortium.

West Germany receives some 10bn cubic metres of natural gas annually from the Soviet Union, or roughly 16 per cent of its consumption. The Cabinet nistan—and the text was only agreed during a visit to Bonn by a Soviet team headed by cent without creating excessive cent without creating excessive German dependence on the Soviet Union.

The German Government does not expect a major break-through in Moscow on Afghanistan. But Herr Schmidt will be probing the motives for the recent partial withdrawal of Soviet troops and seeing under what conditions Moscow could envisage total withdrawal.

W. German-U.S. relations,

Tighter Bank of Italy controls reflect worry over economy.

BY PAUL BETTS IN ROME

THE at the weekend in a move reflecting growing anxiety over the short-term economic out-

Limits on the increase in domestic lending by Italian commercial banks have been extended to March 1981, while banks will now face stiffer penalties for exceeding the new domestic credit ceilings. The limits on credit expansion two vears ago.

The Bank of Italy said it would carry out monthly checks on bank lending and force any ducing tighter controls of credit bank exceeding the new ceiling expansion in view of the high to deposit part of the equiva- rate of inflation, coupled with lent sum in a non-interest- a continuing high level of bearing account with the central internal demand and a marked ation mechanism, and have The average annual rate of payments.

increase of domestic credit has

BANK OF ITALY August, 20 per cent in Septem- the Italian Government is tightened controls on the ber. 22 per cent in October, 21 expected 'to introduce at a growth of domestic tira credit per cent in November, 27 per cent in December, 26 per cent in January 1981, 26 per cent in February and 27 per cent in which is under growing pres March.

Any bank whose new lending exceeds this ceiling by up to 2 per cent will have to deposit 30 per cent of the equivalent sum with the Bank of Italy. For breaches of up to 4 per cent, banks must deposit the equivacentral bank first introduced its lent of 50 per cent, while for amounts over 4 per cent they must deposit the equivalent of 75 per cent.

> The Bank said it was introdeterioration in the balance of

Cabinet meeting on Wednesday. These measures are likely to be aimed at supporting the lira.

sure, and at aiding industry, which is losing export competitiveness. The package is expected to include a temporary and partial freeze in the highly inflationary automatic wage indexation system. To this end the Government

is to hold key talks with trade union leaders and the national employers' confederation tomorrow in an attempt to win a broad consensus before approving its emergency package on Wednesday. The unions have already indi-

cated they would oppose any significant changes in the indexthreatened to call a General Strike against the Government The move anticipates emer- should it go ahead unilaterally been limited to 21 per cent in gency economic measures which with its proposed measures.

BY QUENTIN PEEL IN JOHANNESBURG

Iranian oil group sacks 485 as Khomeini orders purge

BY PATRICK COCKBURN

National Iranian Oil Company day in response to a call from revolutionary leader, for a sidered sufficient reason for sweeping purge of government.
Other ministries have given orders for a purge of officials tainted by the Shah's rule or behest of who are showing insufficient is weaken! zeal for the Islamlic republic. Ayatolish Khomeini appears to consider such elements to be responsible for the paralysis of government through persistent

obstruction. If it is the minister himself, get hold of him and dismiss him," he told President Abolhassan Bani-Sadr and the ruling Revolutionary Council

Since the revolution NIOC, which controls Iran's crucial oil sector, has been less affected by purges than other state

been investigated, of 485 were dismissed yesterday after being accused of middle class in general have Sadri said Mr. Sharif had been having connections with Savak, begun to question President demoted to deputy commander.

ALMOST 500 employees of the the former Shah's secret police, Bani-Sadr's ability to act as a being deputies in Parliament before the revolution or some other link with the old regime. Ayatoliah Khomeini, Iran's Being a freemason is also con-

This renewal of Islamic and revolutionary fervour at the behest of Ayatollah Khomeini is weakening the more moderate position of President Bani-Sadr. Many of those likely to be dismissed had looked to him for

Defending himself in an interview broadcast yesterday, Mr. Bani-Sadr said that "none of the ministers now in office were chosen by me and I take no responsibility for their actions." If Ayatollah Khomeini wanted him to create an effective administration, he must be given real authority. The President announced on Saturday that the Ayatoliah already had his undated letter of resignation. Since Iran's universities were closed on June 4, many Govern-

moderating force or win his power struggle with the hardline clergy of the Islamic Republican Party. The new purges will reinforce their doubts. Iran has made no new

approaches to Japan to resume Moinfar, Iran's Oil Minister, said yesterday. Before Iran increased the price of its oil in April Japanese companies purchased 510,000 barrels a day of Iranian

Reuter adds: President Bani-Sadr yesterday appointed a new commander of Iran's revolutionary guards, the controversial militia formed after the fall of the Shah. The President named him as Kazem Bojnourdi, and said he had been presented to Ayatollah Khomeini.

Mr. Bojnourdi's predecessor, Abu Sharif, offered his resignation on June 16 after guards were heavily criticised for firing into a crowd during riots near the occupied American ment officials and the educated embassy in Tehran. Mr. Bani-



THE condition of the former Shah of Iran, in exile in Egypt bad yesterday improved greatly, according to President Sadat of Egypt after flying to Cairo from Alexandria ex-Shah, who is suffering from cancer, had suffered a relapse, reports Roger Matthews from Cairo. On Friday the Shah was taken to the Maadi military hospital south of the capital and medical sources then

medical sources then suggested that he had pneumonia. "Everything is under control," said Mr. Sadat yesterday, however "and there may not be any need

Patronat kidnap 'not political'

BY DAVID WHITE IN PARIS

FRENCH POLICE yesterday appeared to be discounting the heory that a terrorist organisation was involved in the kidnapping of M. Michel Maury-Laribiere, a vice-president of the Patronat (France's employers' federation), on a country road on Saturday.

Fears that the crime might be the beginning of a political kidnap campaign on Italian lines were sparked off when an anonymous caller claimed responsibility on behalf of Direct Action, the French terrorist group most closely linked to Italy's Red Brigades.

But a second caller to the same news agency denied that Direct Action was involved. The caller also disclaimed responsibility for a recent explosion at Orly airport, which had been attributed to the organisa-

tion.
M. Maury-L ribiere's Citroen

morning on a farm track off the being kept captive in appalling road he took to drive unaccompanied from his home at Confolens in western central France to his factory 10 miles

away.

A note found inside the car demanded FFr 3m (£310,000) in ransom and instructed the kidnapped man's family not to contact the police or the Press. It was not until late that night that the claim was made on behalf of Direct Action demanding 10 times the sum and the release of members of the organisation arrested in March this year.

The crime recalled the kidnap two-and-a-half years ago, of Baron Edouard-Jean Empain, the Belgian head of the French Empain-Schneider engineering, steel and nuclear group. A number of claims made by political organisations were known to be spurious. found on Saturday Baron was later released after in the Patronate two years ago.

M. Maury-Laribiere, one of the top nine men at the Patronat, is little known on a national scale and his role in the federation is an internal liaising between local employers' organisations. He could not be considered a figurehead of the importance of Herr Hanns-Martin Schleyer, the West German employers' leader kidnapped and murdered by the Baader-Meinhof Red Army Faction in 1977.

The 59-year-old M. Maury-Laribiere owns a successful brick and tile business, which has grown in the last eight years from a turnover of about FF15m to FF180m a year. A reputation as a progressive employer with a profit-sharing scheme for his 300 employees, helped secure him his place

Tass hits at French plan on neutron bomb

By David Satter in Moscow

THE Soviet Union yesterday indicated its disapproval of French testing of the neutron bomb by quoting an article in the French communist newspaper l'Humanite which said that the weapon would attach France more closely to NATO and intensify the arms race.

The Soviet news agency Tass, in a dispatch also read over Soviet television, quoted l'Humanite as saying it would please Washington and NATO for France to assume a burden which the U.S. had found difficult to bear.

M. Valery Giscard d'Estaing. the French President, has been praised in the Soviet press as a champion of detente since his meeting last month in Warsaw with Mr. Leonid Brezhnev.

S. Yemen leader in Riyadh

BY IHSAN HIJAZI IN BEIRUT

A STATE VISIT to Saudi Arabia by President Ail Nassef Moham-med of South Yemen, which began on Saturday, could produce a new era of co-operation in the Arabian peninsula, Arab diplomats here believe.

The visit provides a rare opportunity for talks between conservative Saudi leadership their counterparts in Marxist South Yemen on bilateral relations, developments Gulf region and the Middle East as a whole.

Mr. Mohammed's rise to the highest post in Aden last April made contact with Saudi Arabia

BY DAYID LENNON IN TEL AVIV

A PALESTINIAN double agent

who worked both for the Israeli

secret service and the Pales-

tinian underground was killed by Israeli forces in Nablus, on

the occupied West Bank, at the

weekend. The dead man, Mr. Bassam Mohammed Habash, was

believed by the Israeli authori-

ties to have murdered his Israeli

secret service contact. Mr.

Following Mr. Golan's murder

Israeli forces imposed a tight

curfew on the Balata refugee

POPE JOHN PAUL today

begins his tour of Brazil, which

will take him to 13 cities in 10

camp, near Nablus, where the

Moshe Golan, last Wednesday.

under former South Yemen President Abdel Fattah Ismail. The Saudi invitation was sent

to Mr. Ismail but the visit did not materialise while he was in office. The Saudis regard President Mohammed as more flexible than the more ideologically Marxist Mr. Ismail. Analysts believe that while

the Saudis want to contain the spread of Markism from Aden into the peninsula and the Gulf region, the South Yemenis are eager to secure financial and

Mr. Mohammed was reported

double agent lived. He died in

an exchange of fire after being

spotted and trying to avoid

tion Government of Mr. Mena-

hem Begin faces its toughest

challenge since assuming power

Knesset votes on an opposition

Bill to dissolve Parliament and

General elections are not due

until November 1981, but there

have been an increasing number

A Church divided

BY DIANA SMITH IN BRASILIA

bold elections.

POPE JOHN PAUL VISITS BRAZIL

Today, meanwhile, the coaki-

easier than it would have been to be carrying assurances to King Khaled that the treaty of friendship between Aden and Moscow, concluded last year, posed no threat to Saudi Arabia. He was also expected to play down the significance of the presence of Soviet and East European military and other technicians in his country.

brought forward as the poularity

of the Begin Government has

fallen. Recent opinion polls show that the ruling Likud

Party would lose half its seats if

The coalition command a

theoretical 63 seats out of the

120 in the Knesset. But a number of the Government's

nominal supporters are likely to

abstain from today's vote or to

absent themselves from the

The opposition though, could

by last night be sure of only 53

votes against the Government.

new elections were held soon.

Arab diplomats say Mr. Mohammed will try to persuade the Saudis to support the efforts towards reunification of North and South Yemen. Riyadh maintained a close working relationship with the regime of President Ali Abdullah Saleh

Police sent to another rebel island

the island of Malekula yesterday amid fears of a new revolt by opponents of the New Hebrides government, Reuter

Father Lini declined to say how many men had been sent to Malekula, which lies between West Bank 'double agent' killed proclaimed Chief government last month.

Another squad of French police was heading for Malekula by sea and would arrive today. he said.

the secessionist movement has spread to the island of Aoba.

Chemicals, cancer link

Workers exposed to toxic chemi-cals account for more than 20 per cent of all cancer cases in the U.S. President Jimmy Carter's chief environmental adviser said at the weekend, Reuter reports from Washing-

Environmental Quality, said in releasing a council report on toxic chemicals and public protection that: "We estimate that occupational exposure to carcinogens (substances causing cancer) is a factor in more than

20 per cent of all cancers." More than 400,000 people in the U.S. die of cancer each year. It is second to heart disease as a cause of death in the nation. the report said, calling for legislation to clean up hazardous waste sites, remove barriers to Governmental sharing of confidential data. supply Government funds to regulate toxic chemicals, and strengthen federal authority over cosmetics.

Canada oil hope

The border area between Alberta and British Columbia, near Grande Prairie. Alberta, produce substantial quantities of oil, according to Dome Petroleum, the Canadian oil and gas group. It believes they could have 250m harrels of recoverable reserves, Robert Gibbens writes from Montreal.

BOTB cuts THE RECENTLY announced reductions in the financial support given by the British

The association's national export committee is par-ticularly concerned at the new basis for charges at overseas trade fairs which, from April 1 1981 will rise from the present £25 per square metre to £30, with a sliding scale of £15 for first-time participaints and £20 for secondtimers. This replaces the present arrangement under which both first and second time exhibitors at a given

The export commit. e's chairman. Major-(eral J. D. B. Smith, chairman and chief executive of Pillar Engineering, a member of the RTZ group, said "The EIA believes that the 50 per cent discount for first and secondtime participants should be retained. The first participation is exploratory when it is very unusual to get a firm foothold in a market." It is at the second, participation that a company establishes

itself in a market." The EIA is equally con-cerned at the decision to

"British exporters are currently losing export markets because of the high pound, which is based on North Sea oil and bears no relation to reality." Major General Smith commented. They need more, rather than less, direct government support for outward missions. Since the BOTB's outward mission scheme was started 3,000 companies overseas on missions, which, he said, have brought back estimated and actual orders amounting to

around £600m.

The British Consultants

in other South American countries as well as in Peru. The mission, which has the approval and support of the Department of Trade, will consist of around 15 members representing civil engineers. architects, surveyors, manage ment consultants, agricultural consultants, geological consultants and others.

the gathering momentum of and oil and military purchases position from fifth to first by South African economic re--imports from Britain rose just importing goods worth R1.54bn -an increase of more than 230 covery is likely to give them over 20 per cent in 1979 to —an increase of more than 230 a further boost in the coming R1.25bn (£690m). This rise was per cent on the previous year. only bettered by the U.S. with In the first five months of a 25 per cent increase to for by the switch in South 980, British exports to South R1.24bn (£685m). Both African diamond sales from 1980, British exports to South R1.24bn countries did substantially better than the overall 12 per cent increase in South African

imports. West Germany retained its Africa in 1979-down 23 per position as South Africa's princent to R964m (£1532.6m). cipal source of imports with R1.31bn (£123m) during the year but its share of the market fell from 20.4 to 18.7 per cent. In terms of overall trade, reequipment, flecting the combined total of exports and imports, the U.S.

UK exports to S. Africa up 33%

by West Germany at R2.218bn and Britain at R2.217bn. Over the year, the most for which figures are available,

The increase was accounted London to furich. That switch also showed up as a sharp drop in Britain's imports from Britain's imports from South

Principal British exports to South Africa were industrial plant and machinery, electrical machinery, power generation chemicals and plastics, road vehicles, parts and accessories. Consumer goods are relatively unimportant.

R2.64bn (£1.45bn) followed Invisibles are also a major element; in 1977, the last year

According to South African startling change was in Switzer. South African service payments Africa are becoming, according figures for merchandise trade—
to the latest trade figures, and excluding gold bullion exports
the cathering management of the UK totalled R958m, while service receipts were

In spite of the improvement in British exports, trade officials in Johannesburg believe that few new exponters have come into the market, the increased trade reflecting traditional suppliers regaining their market shares. The big increase in U.S. exports also comes against the background of the sharp fall which foiled righter U.S. Government restrictions on exports to any South African Government agency.

One reason for the sluggish performance of West German exports in 1979 was the histus in supplies to the Sasol oil-fromcoal plants, before construction work starts on the Sasol 3 plant. British exports were un-doubtedly boosted by the huge turbine orders won by GEC for the Duvha and Tutuka power

Engineering industry criticises

Africa rose by 33 per cent to £365m. Trade official believe

that exports for the year should

top £1bn, compared with 713.5m

In spite of its political sensi-

tivity, South Africa is clearly

an increasingly attractive mar-

ket for suppliers because of its

economic growth at a time of

world recession. Forecasts for

the present year put the real growth of GDP at between 5 and 6 per cent. Imports are

expected to grow at a consider-

ably faster rate besause of supply bottlenecks in the domestic economy, such as

skilled labour shortages.

(BOTB) to exhibitors at overseas trade fairs and participants in outward trade missions have been strongly criticised by the Engineering Industries Association (EIA). It has conveyed its views in a letter to the BOTB as part of a campaign to get the cuts

event receive a 50 per cent discount at BOTB-assisted ioint ventures.

reduce BOTB-assisted outward missions by about onehalf from next April.

Bureau is to send a mission to Peru, from November 11-18 this year to coincide with the Pacific Interational Trade Fair, which opens in Lima on November 14. It is intended that the mission will make contacts to help British consultants secure appointments

Higher prices boost Soviet oil, gas earnings in West

UNDER THE influence of volume of Soviet oil and gas steadily rising world energy exports to the West, for which prices, the value of Soviet oil no figures were given, was proband gas exports increased dramatically last year. Oil and gas sales accounted for more than 60 per cent of Soviet export earnings in the West.

remained South Africa's most

important partner, with a total

The Soviet Foreign Trade handbook for 1979 showed that overall Soviet oil and natural gas export earnings totalled roubles 16.61bn (£11.45bn), a 44 per cent rise over the 1978 total of roubles 11.52bn.

Of this total, roubles 7.74on was accounted for by oil and gas exports to the West. This was an increase of 57 per cent over the value of sales to the West in 1978 which amounted to roubles 4.93bn, and represented 47 per cent of total earnings.

The Soviet Union charges Rouhl world market prices to its value Western customers while offer- 1978. ing preferential rates to its partners in Comecon so the both in value and volume terms,

no figures were given, was probably lower than the value figure would indicate. The growing economic import-

ance of Soviet oil and gas supplies to the West was indicated however, by the fact that these deliveries accounted for 62 per cent of the value of Soviet exports to the hard currency areas in 1979 compared with only 57 per cent in 1978. West Germany remained the

largest Western customer for Soviet oil with purchases of Roubles 1.15bn for oil and Roubles 386m for gas. Other major Western customers were Finland, France and Italy.
In the Third World, the largest buyer of Soviet oil was India, with purchases valued at Roubles 403m, almost twice the

value of Indian purchases in The bulk of Soviet oil exports

however, continued to go to Comecon countries where the biggest customers were East Germany, Gzechoslovakia and

Reuter reports from Vienna: The Soviet Union seems set to increase dramatically its natural gas prices for Western cus-tomers according to Ruhrgas board member Herr Friedrich Spaeth. He said that the Soviets appear set to change their gas price calculations from parity with heating oil prices to parity with the more expensive high quality types of

But he added that Moscow has not yet made any price proposals in its price proposals in its negotiations with West European companies on planned exports the mid 1930s. West Germany, France, Italy, Belgium and Austria are participating in

French win \$250m contract in Gambia

PARIS - A consortium of has not been completed, but the French companies has won a African Investment Bank and contract worth \$250m for a the Bank for International package of construction pro Reconstruction and Developiects in Gambia.

The contract includes the construction of six industrial complexes, setting up shipping lines between Dakar and Abidjan and the supply of four ships, improving facilities at the port the capital of Banjul, and the construction there of ware-houses, 3,000 Government-subsidised housing units, 250 vacacomplex and a 400-room hotel.

Included in the French con-Europeen, Seri-Renault design and construction unit of the Renault group) and Societe Parisot, which specialises in modular housing units.

Financing for the projects AP-DJ

ment (BIRD) are expected to make substantial contributions. Meanwhile Thomson-CSF in

association with Telspace, a joint subsidiary with CIT-Alcatel has been awarded a FFr 276m (£28.7m) turnkey contract to set up a satellite telecommunications network for Work will begin next Niger. Thomson-CSF will supply and

set up a ground station linked to the Telspace satellite over the Atlantic Ocean, as well as four other regional ground stations. Telspace will set up a 275-kilometre microwave link between Agadez and Arlit and a CP-400 telephone exchange at

Textile imports hit Swiss

have increased signficantly. But turnover in the home market has fallen, fuelling complaints by manufacturers that cheap imports from Eastern Europe and some Asian countries are providing unfair competition.

Foreign demand for Swiss textile products increased by 20 per cent last year while domestic demand fell by about 3 per cent. But the first quarter of this year showed an improved overall performance. Total sales for both home and foreign censumption rose by 6 per cent labour productivity.

SWISS TEXTILE and clothing compared with the same period exports to European countries last year, while production rose

by 4 per cent, and the special took 59 per cent more, while France took an additional 47 per cent and Austria 42.5 per

Imports, however, increased by 132 per cent, mainly from Eastern Europe, Latin America and Asia. The Swiss textile industry's response to rising imports and a strong Swiss franc has so far been to improve management methods

Brazil May surplus falls short

of forecast AFTER four successive monthly

trade deficits Brazil achieved a trade surplus of \$10m in May. But this is considerably less than the \$48m surplus originally forecast by Treasury Minister Sr. Ernane Galveas. Exports totalled \$1.94bn and imports \$1.93bn. he May surplus reduced the trade deficit for the first five months of this year to \$1.81bn but compares with a trade

gap of \$608.9m for the same period last year. Imports rose 50.1 per cent to \$9.35bn with oil accounting for \$400, representing a 106.4 per cent increase on the oil import total a year previously. xports were up 34 per cent in

the first five months of this year at \$7.54bn. Better coffee sales boosted exports with sales up 74 per cent at \$663m. By the end of the year the Brazilian authorities hope that coffee sales will have earned between \$2.5bn and

ITC to probe car imports

WASHINGTON The U.S. International Trade Commission (ITC) has agreed to investigate the complaint by the United Auto Workers Union that the U.S. car industry is being injured by imports. Reuter reports. The hearing on whether imports are injuring the U.S. industry is scheduled for October

full or part-cargo basis. The main destinations of the crude

the U.S. Gulf and Europe. "

slow in the Caribbean.

oil were the U.S. Atlantic coast.

SHIPPING REPORT

Market fails to live up to expectations

THE HIGH expectations of tanker owners over a week ago that the market was heading for a period of buoyancy and stability had not been fulfilled by the end of last week.

Brokers said inquiries for

'part chartering" to gain some return on their investment. However, the market was generally uncertain about the cause of the slump in business. It was suggested that trade may

prices and the increase in the industry's "Worldtanker charter rates from Reports from the main loading areas suggested that there was sufficient interest in further

immediate loadings of crude oil

tanker at tonnage

have been in a transitional period caused by higher oil

But the picture last week schedule of rates. showed that the Gulf, the previous week's active zone for tanker loadings, was quiet. One

A number of ultra large crude carriers (ULCCs) are now loadings, was quiet. arriving in the Middle East in French charterer the hope of attracting charters. secured a 270,000-ton vessel for West Africa was the more trade between the Gulf and active market last week, with large vessels had slowed sharply Europe at Worldscale 37.5, on very large crude carriers and tanker owners resorted to the January to June Worldscale (VLCCs) being chartered on a

World Economic Indicators

RETAIL PRICES May '80 Apr. '80 Mar. '80 May '79 263.2 260.8 252.2 215.9 244.8 242.6 240.4 214.0 186.1 180.0 177.2 150.4 176.2 115.6 114.9 109.7 133.2 132.9 131.4 124.9 247.2 245.0 242.1 217.4 215.9 214.0 150.4 109.7 124.9 217.4 W. German Apr. '80 Mar. '80 Feb. '80 136.2 133.9 132.8

1967 and now understood to have been sold for \$9.2m to Nigeria for use as a floating rinrage pessel 1967=100 1976—108

 American President Lines has started a regular scheduled container service linking China and ports in North America and Asia. The China Merchant Navigation Company is to provide a common carrier service between ports in China and 1975=100 Hong Kong. This will capped with American President 1975=100 weekly containership served to 1976=100 the U.S. and Asia.

The Mediterranean market was also active, but trade was The tanker sales' market last week included the disposal of the M. T. Wilstar, 132,700 deadweight tons, built in Japan in

dividing line between the rites of Candoble, inherited from African slaves, and formal C-holicism are often unclear. It impossible to be sure whether votive candles in churches have been offered to blacks, half-castes and whites.

days. In Brasilia, the capital where the Pope begins his visit. shop windows are bedecked with Papal photographs and an enormous altar has been built in the central esplanade, at what could be called a diplomatic point between the cathedral and the Congress. A million people are expected to come from surrounding States to see the Pontiff. In Sao Paulo state, the shrine of Aparecida do Norte, normally a small town of 30,000 inhabi-

tarts, is bracing itself for up to 3m pilgrims, of whom only a fraction will catch a glimpse of the Pope.
R-azil is theoretically the

?-- rest Roman Catholic country in the world, with 120m inhabitrais, most of whom, at least rominally, are Catholic. But the



Pope John Paul

a Roman Catholic saint or to one of the less orthodox spirits artificial birth control. Brazil is worshipped by millions of

At night in Brasilia clusters of candles flicker at the crossroad, where, according to the beliefs of Candoble, the spirits gather and must be pacified. The Roman Catholic church

in Brazil-divided between dogmatic conservatives and innovative priests who work in urban and rural areas with the underprivileged-also has strong competition from protestants, Mor-Jehovah's Witnesses, Seventh Day Adventists. Presbyterians and Bible-belt Baptists proselytise energetically, and have won many converts among the poorer citizens, The sad cycle of huge families

-in Pernambuco, for instance the average family has 14 children—insufficient food or gainful employment, abandonment of minors and private or public violence is particularly visible in Brazil. How to encourage family planning in the face of church opposition is a running debate which the Pope's visit will highlight.

While the Church frowns on

the fourth-largest user of the

Police reinforcements flew to reports from Vila. There have been rumours

that some members of the opposition are planning to take the same sort of action as some others did on Tanna," said Father Walter Lini, the Chief Minister and "the District Commissioner requested extra police

Efate, the island on which Vila stands, and Espiritu Santo where secessionists led by self-Stevens rebelled against the

Malekula is the fourth island on which trouble has been reported after the revolt on Espiritu Santo. 200 Seces-sionists attempted to storm the offices of the central government on Tanna on June 11, and there have been reports that

Mr. Gus Speth, chairman of the President's Council on

The area is already recognised as being rich in gas.

Electricity suppliers plan £97m savings

WATEN DICKSON, ENERGY CORRESPONDENT

ELECTRICITY Supply expects to have to cut a rent financial year if it 2 meet the "stringent" finance limit imposed to at by the Government.

This is revealed in the industry's latest medium term de elopment plan, published today and covering the years 1980 to 1987. The industry comprises the Central Electricity Generating Board, responsible for the wholesale supply of electricity in England and Wales, and the 12 area boards which sell it to the public under the direction of the Electricity Council.

In the last financial year the Government had to increase the industry's external financing limit—the amount it is allowed to borrow in any one year-by up to £300m, largely because of fuel stockpiling by the CEGB.

The development plan critic'es the current operation of esternal finance limits. It says the precision attached to them he the Government does not "properly take account of a rich trading circumstances."

d expenditure by £97m in the plan says there is a need for consistency between the industry's financial target (also set by the Government), its capital investment programme and the cash' limit. Without this consistency, cash limits could lead to large price increases, says the

> "There must be greater recognition of the uncertainties which beset any large trading organisation in respect of cash flow forecasts made many months before the start of the financial year." it adds.
> Looking to the future, the in-

dustry expects to have installed generating plant capacity of 61,200 Mw by the end of 1986, compared to 55,800 Mw at the end of 1978. Electricity production will rise from 222 terawatt hours in 1978-79 to 239 TWH in 1986-87, with the CEGB supplying 46,200 MW at times of unrestricted maximum unrestricted maximum

there are likely to be substan-

While recognising the limit as it keeps as a "planning margin" useful financial discipline," to deal with unforeseen continto deal with unforeseen contin-

> The industry reckons that there is no need to order further coal-fired stations because nuclear stations are expected to meet needs more cheaply, and adequate coal fired capacity already exists to burn available

> But preparatory work has been put in hand on future coal fired sites as a contingency consents can be obtained if electricity demand increases more quickly than nuclear supply. The plan estimates that the

CEGB's coal consumption, which amounted to 50.2m tonnes in 1979/80, could be anywhere between 75 and 85m tonnes by 1984/85. It argues that there are risks of shortfalls in NCB supplies to the

Generating Board.

Accordingly the industry has been examining the scope for increasing coal imports. A The plan acknowledges that number of locations for an importing terminal have been identified, but no further CEGB will aim to reduce this to expenditure is envisaged at the 28 per cent excess capacity present, according to the plan.

ndustry to submit proposals n using surplus oil funds

frerling.

froms part of the debate on macro " 'thinet's meeting on

Brazil Vir

of forecal

BOTH sides of be reduced, which would help problems that industry is facing to be invited on to cut interest rates, or there with high interest rates and the Chancellor of could be reductions in some exchange rates. suggest ways forms of taxation. Alternatively, "- North Sea oil the money could be spent on

of energy.
This will provide an oppor-From the Chantunity for the TUC to repeat other organisations to co-Exchequer, will its known preference for a operate more with their sup-

The council will also consider the intiative launched by Sir oping with a some other specific purpose such Keith Joseph, the Industry as financing alternative sources Secretary, to improve public purchasing Government departments and reduction in unit national oil fund directing pliers on the design of products be the best way of investment into industry, and which are suitable for export as incry to cope with for the CBI to stress the well as home markets.

Litterbugs 'ruin the countryside'

subjects on the day THOUGHTLESS litterbugs . . . Norman Fowler, in the Com are runining the country- mons this week to introduce side," claims Mr. Greville new laws to ban the throwing revenues could be used Janner, QC, Labour member for ing trains, cars and buses, and here possible purposes. Leicester West. He is to urge to provide a fixed penalty for ment borrowing could the Minister of Transport, Mr. offenders.

of litter from vehicles, includ-

Bolt makers fight cheap imports

which supplies the . d bolts for engineering, re another attempt at · ? the cheap imports in extening its survi-

cases are being preho British Industrial Federation.

the federation alleges aiwanese are evading morts of nuts two years ourcing some of their uring in other Far countries and by sendproducts into the EEC

~ountries. 'he federation is prere alleging that the Dumping music difficult to prove, but

case shortly to the European Commission with the help of the Department of Trade and

Third, the federation is engaged in the more delicate task of proving that other EEC countries are guilty of "unfair trading" in their exports of certaln industrial fasteners. Dumping cases cannot be brought

British industrial fasteners against fellow EEC members. but cases of unfair trading can

> Germany is being used as a transit area for cheap Comecon The British industry argues that its competitors are confining their low-priced exports to narrow band of the most popular-sized fasteners. This has the effect of undermining

be considered. In certain

Instances, it seems that West

the industry's production cost structure, making it more difficult to compete right across the range. A similar argument was used by the bearings industry against

Japanese imports, and later against Comecon countries. The Commission is still investigating claims of bearings dumped by

Employment in the fasteners industry has declined from abut 40.000 to 29.000 over the last five years, while imports of the products have been rising. Several companies, including GKN, which used to be the ped making all but the more specialised products in face of cheap imports.

£2m test centre for engines

A NEW £2m test centre, con trolled by microchips, has been installed at the Perkin's diesel engine plant in Peterborough.

The development will stream line power tests on the 200,000 engines produced by the company each year for trucks, boats and agricultural machinery, 86 per cent of which are exported. Four hundred engine testers who closed down the plant for

almost three weeks when the new technology was announced last year, are to get extra pay for operating the equipment.

A company official said last light that the development was part of a £17m investment programme, involving the installation of over 200 new test cells. 26 of which were now going into operation.

Ford men go back to work

THE 720 transmission plant workers laid off for a week at largest single manufacturer of workers laid off for a week at fasteners in Britain, have stopword on Merseyside because of a fall in trade will report back

Monetary control reform debate intensifies

BY DAVID MARSH

THE DEBAE between the Government and outside financial experts on possible reforms to the system of monetary con-

trol is building up. In the past few weeks the. Bank of England and the Treasury have received more written response, from a variety of outside organisations, to ideas for changes in the financial system. The ideas were set down in the authorities Green Paper on monetary control pub-

lished in March. Submissions have been made by institutions inside and outside the City, and by academics. They cover both the main subject matter of the Green Paper whether the authorities should Switch to a system of monetarybase control-as well as topics such as alternative methods of

selling Government debt. A monetary-base system would to switch the main operational method by which it influences the level of demand for money

ing interest rates towards regu- eventually be taken. lating the monetary base—notes authorities are keen to avoid and coin plus banks' balances at the Bank of England.

Fluctuations in this base, assumed to bear a direct relationship to banks' total deposits. brought out at the weekend L. would then determine changes in interest rates. This contrasts with the present system, which gives the authorities discretion in interest-rate policy.

The Bank and Treasury have system of full-blooded monetary-base control. There has liabilities should be deposited been, however, more interest in at the Bank of England-is using the monetary base as an unnecessary. indicator to signal when The Green Paper suggested interest rates might be changed. extending this requirement, The Bank and Treasury are

examining the submissions, to determine the main bones of contention and to gain an insight into where workable sight into where workanted in its latest report on the changes might be implemented. in its latest report on the

seminar in the autumn at which call for the Bank of England interested parties particularly academics will be invited to put their views.

This is meant to be an imin the economy. It would move portant part of the process rates in determining the demand away from a policy of controll- under which a decision will for money and hence its supply.

the impression that the matter is simply a subject for debate hetween Bank and Treasury. In a special commentary

Messel, the stockbroking firm, said interest rates should be given the leading role in monetary control But it said the Green Paper's proposal to broaden the present cash shown reluctance to move to requirement-under which 1; per cent of banks' eligible

> which applies only to the clearing banks, to the non-clearers as well. Details have not been completed.

National Westminster Bank. The authorities aim to hold a economic outlook, said monetary-base system was unlikely to come into effect.

The most likely outcome will be a system based largely, as at present, on use of interest

Venison but no aphrodisiac at Royal Show

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE ROYAL SHOW opens on its permanent showground at, the National Agircultural Centre, Stoneleigh, Warwickshire, today and runs until

The show and the centre were set up by the Royal Agricultural Society as a permanent base for all manner of farming demonstrations and organisations and is the main non-Government aided effort for farming improve-

The livestock classes, improvement of which was one of the society's original

BRITAIN'S FARMERS could

cut their fuel bills by up to a third by improving their efficiency, says Mr. John Matthews, bead of the tractor

and cultivation division at the National Institute of Agricul-

He explains that almost half

savings

the fuel used on farms goes to

power tractors and other field

between 20 and 30 per cent can

The five main British tractor

manufacturers and the NIAE

join forces this week at the Royal Show at Stoneleigh to prove that improved efficiency,

better maintenance and the use

of the right equipment can mean

more work for less fuel.

he achieved.

tural Engineering (NIAE).

aims, have been rather under a cloud, derided by geneticists as without criterion of performance in their judging.

In truth there is not much even now. But numbers entered continue to increase, and those participating have enough enthusiasm to keep this and many other shows

The cattle classes have been sponsored by the National Westminster Bank to the tune of £20,000, with special encouragement for some lesser-known breeds.

But in the livestock sector

their fuel bills by a third'

tor was to blame.

British farmers 'could reduce

poor maintenance. Research had tions.

shown that in almost all cases

of power loss over the first one or two years, inadequate main-

tenance of air filter and injec-

Peter Walker, the Agriculture

Minister, appealed to farmers,

growers and food processors to "come and talk to the experts"

about the best ways of boosting

exports.

He has chosen exports as the

theme for the Ministry's stand

at the show, and the agricultural

attaches from Britain's em-

bassies in the Common Market

countries have been recalled to

An export inquiry bureau will

be manned throughout the week-

be on hand to give advice.

economy was often sacrificed by possibilities and answer ques- Rome.

Among the new develop-ments is a deer-farming unit, which is a growth business in New Zealand, mainly based on the selling of antier velvet as an aphrodisiac. Harvesting velvet has forbidden in this country, but visitors will be able to sample venisonburgers and venison

Eyebrows were raised a year or so ago when a black-smith claimed to be making

tural machinery market.

tractors and farm machinery.

cattle numbers are exceeded chastity belts. Probably to by those of horses, which, counter this barbaric trend. whatever their appeal, have the cereals unit has some plots of a new forage crop little economic relevance to called fenugreek, from which modern farming. can be extracted one of the

major ingredients of the birth control pills. The farmers who plod through this enormous concourse are not happy. According to the NFU their prospects are squeezed by cost inflation and price stagnation. Their staging the show, are having a thin time. Like Oliver Twist, farmers

are asking the Minister of Agriculture for more, and he tells them through the Ministry exhibit to export or

They won't die from lack of export, but most will have a lean time, and only the banks. whose pavilions stand splen-didly obvious in their permanence, look like didly permanence, look like enduring, whatever happens to the rest of us.

Agency channels aid to small businesses

BY OUR INDUSTRIAL EDITOR

suppliers, whose stand rents

pay for the major part of

Agency claims in its annual report published today that it On the eve of the show, Mr. Harold Bennison, managing director of Elbar Industrial helped save or create more than (Trading) and president of the 750 jobs in the first year of its existence. It is an organisation Agricultural Engineers Associato channel help from large com-Also at the Royal Show, Mr. tion, appealed for Government policies to stabilise the agriculpanies to small businesses.

The agency was set up in In a letter to Mrs. Thatcher, the Prime Minister, Mr. Benni-April last year by nine major companies and the London Chamber of Commerce. Since son asserted that the shortfall in real income for farmers from this year's CAP price agreement, then, it has helped create similar agencies in other cities including coupled with high interest rates, Birmingham, Bristol and Leeds, was affecting the sale of and involving a total of 40 large

companies.

These followed earlier initiatives in Durham and St. Helens. He suggested that the cost of borrowing could be reduced by several percentage points below the general level of credit for certain sectors of industry with-Mr. Matthews said fuel long show to discuss export out contravening the Treaty of

which use large companies' resources to help create jobs and to reinvigorate urban areas. more than 200 businesses, prices.

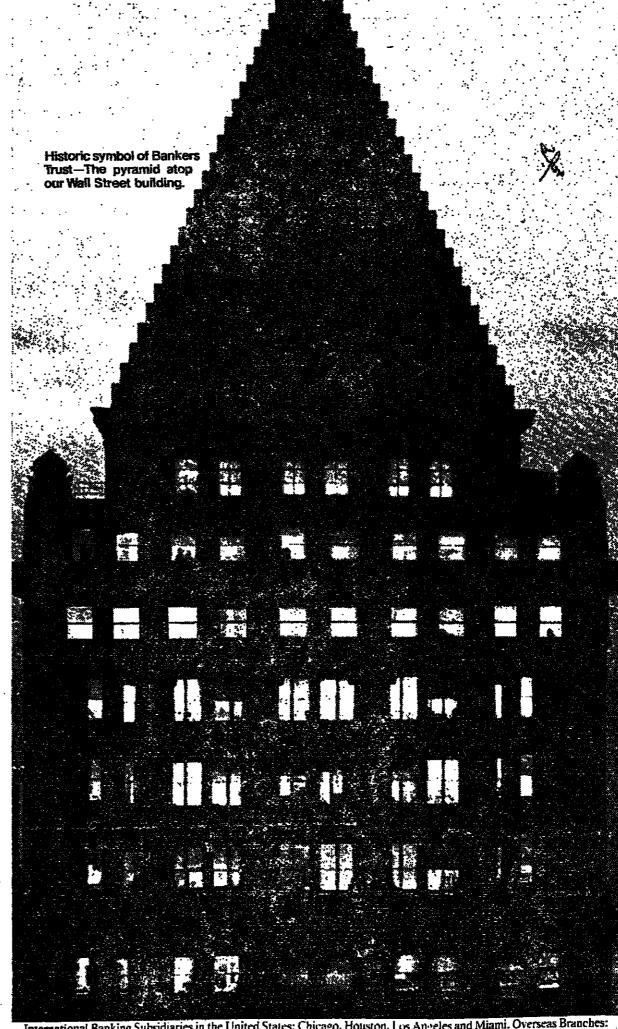
including setting up 41 new ventures. More than 800 wouldbe entrepreneurs attended its

The annual report says early doubts about whether large com panies could release specialist staff to help small businesses were dispelled.

"Large companies are finding that help given to small businesses is a useful management development exercise and has been of particular benefit in specialist areas such as computers, stock-control, finance. marketing and technical help,

the agency says. It expects to do an increasing amount of work in the coming year, helping large companies to hive off unwanted subsidiary The London agency counselled businesses as independent enter-

ONE OF THE LARGEST BANKS IN THE WORLD IS TAKING A NEW PATH TO INTERCEPT THE FUTURE.



International Banking Subsidiaries in the United States: Chicago, Houston, Los Angeles and Miami. Overseas Branches: LONDON, BIRMINGHAM, MILAN, PARIS, TOKYO. SEOUL. SINGAPORE, BAHRAIN, NASSAU and PANAMA CITY.

An International Banking Network of branches, subsidiaries, affiliates and representative offices in over 30 countries on 6 continents.

Member Federal Deposit Insurance Corporation @ Bankers Trust Company.

A RELATIONSHIP **MANAGER** IS MORE THAN AN ACCOUNT OFFICER.

In theory, an account officer is the personal link between his customer and all the services his bank has to offer. In practice, however, the account officer is often a specialist who represents only one of a bank's divisions. So a corporate chief financial officer frequently has to deal with many specialists from his bank, none of whom has a comprehensive picture of his financial situation. At Bankers Trust, we have re-

placed the account officer with a relationship manager. As the name implies, he or she has worldwide responsibility for identifying all of a customer's needs in the banking relationship. And for bringing every pertinent resource of our bank to bear on them. When we focused the entire re-

sources of our world-class bank on four core financial businesses (wholesale commercial banking fiduciary services, money and securities markets and corporate financial services) we created a more flexible and efficient structure. Within it, our relationship manager can direct and integrate the work of our specialists throughout the bank to meet your overall require-

That's one more way in which our new path to the future generates benefits for you today.



Satisfaction at the Scottish Office

"'a: " no comment " over the Border over the years. mekend, the Scottish Office out distance once a stateartion at the successful compendence of Ferranti.

holding in the electronics in Scotland. group should be dispersed widely among financial institublock to the highest bidder.

The fear in Scotland was that. had the bidder been one of the firm's rivals in the defence and electronics field, rationalisation with loss of jobs and local control would inevitably have fol-

nin ii pay awards are

formation about their

and operations rather

purchases from

regiar asking all

.....bmit their 1980-

s. cutting them

ssible, to come closer

יירים. manning levels

of control' says CBI

TTIORITY spending ture by local authorities in $q = r_0$ and can be con- England and Wales.

d and local councils tions in the Government's accountable to rate-circular cannot be mandatory, ir Bryan Rigby, deputy so we think the present system

rentrangement of the Con- of central government control

damien of British Industry, and influence over local govern-

"and Heseliine, the Environ-less than satisfactory.

the cost of authori- discretionary

erid in a letter to Mr. ment spending and finance is

aby says that the CBI unacceptable that councils can

supports the Govern-thwart central Government

recity spending plans. the future strength and prosperity of the economy, especially when the Government
contributes about half local

believe cuts should not have to identify which part

current rather than of their expenditure is manda-

penditure, and on tory by statute and which

electors and ratepayers, so we are not caught in the middle of

"re level of a 2 per cent central Government blaming

1272-79 actual expendi- councils and vice versa."

government finance.

LIERING BEHIND an familiar enough north of the expected today or tomorrow. With 20,000 manufacturing jobs lost so far this year, and

the Government's popularity so plotion of the first phase of its low that the Conservative canrumpaign to preserve the inde- didate lost her deposit in the Glasgow Central by-election Phase One was the con- last week, ministers were certed effort by ministers and easily persuaded by managecivil servants to persuade Sir ment and workers that they Keith Joseph, the Industry should fight for one of the Secretary, that the National few profitable and expanding few profitable and expanding Enterprise Board's 50 per cent British-owned companies left

The successful completion of the first phase was Sir Keith's tions, rather than sold as a approval of the Scottish Office paper, put forward by Mr. George Younger, the Scottish Secretary at a meeting last Tuesday. The Scots had been prepared to take the fight to Cabinet-but in the event it was not necessary.

"We understand the instruc-

He adds that the CBI finds it

Mr. Rigby complains that

"Too often, apparently exces-

sive levels of expenditure have

been blamed by local authorities on central Government. It

is important that everything

possible should be done to

clarify the situation for local

local authorities frequently do

over. In Phase Two, which has to stand up and be counted. already started, the Scottish Office intends to ensure that all the block could still go to the

letter to The Times by the Moderator of the General Assembly of the Church of Scotland will look like so much hot air. The position of Mr. Younger

and of Mr. Alex Fletcher, the Scottish Industry Minister who has assumed the role of campaign manager, would also look a lot less secure. Scotland has to be seen to

be prepared to help itself; and so the chairman, directors and wed.

A formal announcement in companies and investment Mr. Fletcher favours a similar bond holders, or his policy
This pattern has become the Commons of the decision is trusts with which Scotland is scheme to give Ferranti a holders, to sell."

to Lords

illegally,

over strike

pelled from the union

disobeying the strike call.

disciplinary action by the union for not taking part in the

strike, which was called in support of a pay claim.

Lord Denning said that he had no doubt that the union's

national executive had honestly

thought it had the power to act

as it did, but an analysis of the

union's rules showed that the executive had gone too far.

of labour affected a majority

The rules required a ballot where an order for withdrawal

spected today or tomorrow. thickly populated are being chance to establish its indepen-But the campaign is only half gently told that now is the time dence and to avoid the embar-

to decide the method and timing only to be retraded immediately the shares are taken up. If of the share placings, but afterwards at a much higher there is insufficient response, ministers would like to see a price substantial proportion placed in highest bidder-and all the Scotland. A number of Scot- popular with the institutions, speeches, the lobbying and a tish banks have indicated they are ready to help.

The price will be crucial in determining the level of response: but so, too, could any conditions the institutions are asked to accept.

The Royal Bank of Scotland.

Ferranti's bankers north of the Border, acting with Edinburgh Financial and General Holdings, has already suggested to the NEB that the shares should be sold under a restrictive covenant to prevent their resale for managers of the insurance a period of two or three years. companies and investment Mr. Fletcher favours a similar

rassment of the shares being It will be left to the NEB sold at a discount by the NEB

> The proposal will not be who do not like their freedom restricted.

> Mr. Peter deVink of Edin-burgh Financial said yesterday, "If you have a young plant, you do not put it straight into the garden; you give it a period in the greenhouse first. The restrictive covenant is the green-

The restrictions, he went on, would have to be legally binding because no investment manager could be bound by a gentleman's agreement not to sell. If he received a higher bid he would have a duty to his

time to familiarise themselves

The application was force

fully opposed by Shell and BP

and argument lasted for several

hours before the arbitrators— Sir Henry Fisher, Lord Cross

agreed to delay the start of the

proceedings until July 14.
The oil companies objected

to the hearing being delayed

because they are anxious finally to refute Lonrho's well-publicised allegations that they

conspired with Mr. Ian Smith's

government to keep oil flowing

with the case.

to small village grocers through-Council spending 'out | NUJ appeal | Lonhro's legal switch out Britain. The British Farm Produce Council, in its latest bulletin, points out that "all summer vegetables, except a few very late ones like runner beans and sweet corn, are now ready and give shoppers a wide selection this week as well as in the

Other good news for consumers is that the price of certain smaller sizes of eggs will-drop this week for the first time in over a year, according to Goldenlay Eggs, Britain's big-

weeks to come."

gest egg co-operative. per cent between 1872-74, profit- be made to Luciuda Wetherall While large eggs will remain ability declined over the follow- at the Financial Times.

FT GROCERY PRICES INDEX

Prices Index fell

slightly this month, mainly due

to the widespread availability

of lower-priced fresh fruit and

The June index fell to 128.53

from a May index figure of

123.79. The cost of the fruit

and vegetables section fell by

5.2 per cent to reach a total cost of £276.33 in June.

Fresh meat and dairy produce

also fell slightly in price.

although all other sections of

the basket cost marginally more

The FT Grocery Prices Index

shows the trend in food prices,

rather than acting as an abso-

lute indicator of price levels.

The index is based on data

collected each month by 25

shoppers who monitor the same

list of 100 items in the same shops each month. The shops

chosen range from superstores

THE FINANCIAL

Grocery

vegetables.

this month.

Slight fall in June

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

FINANCIAL TIMES SHOPPING BASKET JUNE, 1986 tez, coffee, soft drinks Bread, flour and cereals Preserves and dry groceries Frozen foods Meat, bacon, etc. (fresh) Fruit and vegetables 2,738.35

rdex for June: 128.53

Index for june: 128.53 1979: January 108.54; February 108.65; March 109.12; April 110.88; May 113.59; June 116.02; July 114.79; August 114.16; September 114.17; October 114.95; November 116.36; December 118.74. 1980: January 120.47; February 122.32; March 124.18; April 125.94; May 128.79; June 128.53.

unchanged in price, sizes three ing two years to reach a low to six will drop in price by point of 1.7 per cent in 1975-76.

between 3p and 6p a dozen in some areas. Goldenlay says that the drop in price is due to recent imports surplus continental eggs,

mainly from France and Belgium.
Meanwhile, the Institute of out that "this is unlikely to make the Grocery Distribution has pubcate any upward trend as complished its latest comprehensive petitive pressures show little sign of abating."

business. The review points out that the continued depressed market, rising costs, and competition have all led to declining profitability.

After a slight recovery in 1976-1977, profitability again fell back in 1978-79.

The IGD's estimates for 1979-1980 suggest that there has been some recovery in profits to 1.9 per cent. But the IGD points

The full review and report is available from the Institute of Grocery Distribution, Letchmore Heath, Herts.

The FT Grocery Prices Index The IGD's financial model of is copyright and may not be grocery retailer's profitability reproduced in any way without shows that from a level of 3.5 permission. All inquiries should

delays sanctions case BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT ELEVENTH-HOUR changes in hearing at the Piccadilly Hotel Lonrho's legal team are delaying in London earlier this week. It said its new counsel needed

National the start of the three-month Journalists today challenges in arbitration over the House of Lords an Appeal Court ruling that the seven-Rhodesian sanctions-busting. Lonrho has dropped Mr. week strike of provincial journalists which started in November 1978 was called

Charles Sparrow, QC, and Mr. Gavin Lightman, QC, who led the company's unsuccessful bids writes Raymond to compel Shell and BP to produce more documents for the of Chelsea and Dr. J. Moti-arbitration, all the way from the agreed to delay the start of the The Appeal Court held that because union members had High Court to the House of not been balloted the strike call had been unconstitutional and They have been replaced by against union rules. The union Mr. Robert Wright, QC, and Mr. was ordered to restore to full Jonathan Parker, QC membership hundreds of journalists who had been ex-

Arrangements are being made for to add a third QC to the team. Lonrho has also changed its iunior counsel. The NUJ was taken to court by journalists from Birming-The company applied for an ham and Coventry who faced

adjournment when the company has arbitrators sat to begin their its counsel.

into Rhodesia during UDL. Lonrho's solicitors refused

yesterday to say why the company had decided to change

Move to bar shareholders

Morgan Crucible Company is taking legal action to stop four shareholders attending its annual meeting at the Café Royal on July 10.

At a private hearing on Friday the company will seek High Court injunctions against the four, all members of the Battersea Redevelop-

ment Action Group (BRAG). BRAG has fought against Morgan Crucible's redevelopment plans for an 11-acre Thames-side site for several years. At last year's annual meeting several BRAG members were ejected when they refused to accept a ruling by

for exchange rate effects?

the chairman.

Big increase in personal loans by banks to home buyers

BY DAVID MARSH

lending to personal borrowers faster than their loans to manufacturing industry during the

The larger increase in personal lending has been a major contribution to the Government's difficulties in controlling the money supply. Bank of England figures published today show that the banks' personal lending in sterling increased by 5.3 per cent in the three months to mid-May, taking the rise since May, 1979, to 27.8 per cent. The latest quarterly

SANKS have increased their stantial acceleration, compared London clearing banks up 32.7 ending to personal borrowers with the 2.9 per cent increase per cent during this time. This aster than their loans to manuduring the previous November expansion may reflect the banks' during the previous November to February period. Lending to manufacturing industry also increased by 5.3

per cent during the latest quarter, the same growth rate as the previous two quarters. This took the rise in sterling loans to manufacturers since May, 1979, to 26.8 per cent.

About 30 per cent of banks' personal lending is for house purchases. Loans for this purcompanies rose by 17.4 per cent pose have increased by about during the latest three months, 34 per cent during the latest taking the 12 months' rise to

increased efforts to compete with building societies in the home-loan market.

U.S. banks based in Britain increased their house-purchase loans during the 12 months by 63.1 per cent-although they lend less than one-tenth for home purchases, compared with the amounts lent by the clearers.

Bank loans to hire purchase growth rate represents a sub- 12 months, with lending by the nearly 60 per cent.

PHILIPS

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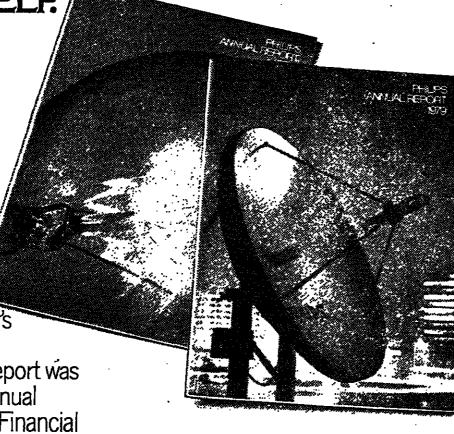
We show the public our resources, our developments, our book keeping.

It is all to be seen in our annual report, a carefully researched document of our year's progress.

Recently, our 1978 report was named best out of 200 annual reports, surveyed by the Financial Times from all over the world.

To be deemed best by such a distinguished authority is indeed an honour, but we like to feel it is also recognition of Philips' endeavour to run a large international business in a responsible, accountable manner in complex and difficult times.

If you would like to know more about our Company and its recent developments, please fill in the attached coupon and we will send you our 1979 report.



It may or may not win such acclaim, but it will certainly tell you more about one of the world's most dynamic companies, and how we face the future with hope and optimism.

	To: NV Philips' Gloeilampenfabrieken, Financiai Department Investor Relations. Pietr Zeemanstraat 6, Building VH8,
į	MY NAME
·į	ADDRESS .
	PHILIPS PHILIPS

Analysis of bank advances and acceptances

			ADVA	NCES & AC	CEPTAN DENTS-	ICES TO U	·	. •	<u>.</u>	—FINANCI		_ : -
		£w	_		of wh	le foreign		otal .	of which	Hire-purc Brance	hase Property	Other
London clearing banks	105	M Feb 90	. Total 24,706	-	erling . 482	1.224		ncial 337	In starting	houses 192	compania 824	s inancial 1.022
Dondon clearing banks	100	May 21	26,041		862	1,180	2,0		1,786	197	832	982
Scottish clearing banks	198		3,293		048	245		64	292	115	80	170
l.,		May 21	3,450	-	214	236	_	46	294	116	79	151
Northern Ireland banks	198	Way 21	829 849		828 848	1		33 43	33 43	2	. 25 25	. 6 16
All banks	198	•	57,524			10,721	9.6		6.824	1.916	2.214	5,487
		May 21	60,301	-	355	10,946	10,0	-	7.257	2,258	2,261	5,498
of which in sterling	198	0 Feb. 20 May 21	46,803				6,8 7,2			1,876	1,925	3,024
Changes:		-	49,355			•	7,2	91	٠.	2,203	1,955	3,099
in sterling			+2,560				+2		٠.	+ 57	+ 12	+229
in foreign currencies adjuste		0 Feb./May	+2,552				+4	33 .		+327	+ 31	+ 75
for exchange rate effects§	. Nov		+ 499	. •			+ :			.+ 1	+ 54	- 39
1	198	0 Feb./May	+ 296				-	30		+ 15	+ 17	- 63
· ·			Total	of which	. Food.			_	TURING Other e		Text	ias,
4			Manu- factoring	io	drink and tobacc	and altic	is Metal d manu- s factor	. edik	er and met	4 ballding	feath and	Mane-
London clearing banks	. 1930	7 Feb. 20	6,871	6,555	850	702	395	604		409	Vehicles dots 239 65	
1		May 21	7,309	6,991	919	758	439	654		435	316 69	
Scottish clearing banks	. 1980		754 911	732 787	159	55	32	33		143	21 6	8 103
Northern Ireland banks:	1990	May 21) Feb 20	· 811	787 138	180 36	48	44	- 38		145	19 8	
		May 21	130	130	36 30	=	_	_	- 48 - 41	· =		
All banks	. 1980		15,785	13,205	2,474	2,770	886	1,336		623	774 1.11	
		May 21		13,908	2,776	2,826	892	1,389		652	933 1.24	
of which in sterling	. 1980) Feb. 20 May 21	13,205		2,042	1,911	763	1,181		588	704 1,046	
Changes:		may 21	13,908		2.189	2,069	776	1,191	2,658	625	858 1,142	2, <u>49</u> 0
in sterling			+668		+ 12	- 12	- 33	+144	+252	- 10 -	+ 70 + 106	3 +137
in foreign currencies adjusted		Feb./May	+ 703		+148	+158	+ 13	+ 9	- 25	+ 37 +	+154 + 95	
for exchange rate effects§	Nov.		+400		+ 30	+162	+ 17	+ 1	+ 79.	+ 7 +	F 43 — 3	
Advances only	1980	Feb./May	+212		+162	-106	- 7	+ 45		<u> </u>	143 — 3 1-5 — 2	
Ali banks	1980	Feb. 20	15.763	11.209	2.085	2,430	678	1,122	2,782	£1n		
1		May 21		11,730	2,330	2,496		1,167	2.764	612 638	552 1,018 693 1,063	
			Total	of which	HER PRO Agricul	DUCTION-	aing	<u> </u>		PI	RSONS	2,000
1			other production	in . Sterling	forest and fish	TY :	and rrying Co		Total	of which	For house	
London clearing banks	1980		3,434	3,407	1,85	9 1	73	1,402	5,249	5,246	Perchase 1,669	Other 3,579
		May 21	3,667	3,537	1,99		.88	1,487	5,479	5.474		3,756
Scottish clearing banks	1980	Feb. 20 May 21	727 745	671 6 97	51 55		67	144	. 534	533	164	370
Northern Ireland banks	1980	· .	228	228	35 16'	_	60 5 .	133	576	574	176	400
		May 21	236	236	17		5 . 5	56 57	180 183	180 182	47	133
All banks	1980	Feb. 20	6,375	5,570	2,67	-	_	2.212	7.724	7,706	44 2 250	139
1		May 21	6,780	5,857	2.847	7 1,5	85	2,349	8,141	8,115	2,350 2,455	5,374 5,687
of which in sterling		Feb. 20	5,570		2,65	•	84	2,133	7,796	-,	2.349	5,357
Changes:		May 21	5,857		2,82	7	87	2,246	8,115		2,452	5.664
in sterling			+311	•	+ 69		49	+ 194	+214			
in foreign assumption address t	1980	Feb./May	+288		+17			+112	+410		+ 68 + 103	+146 +307
in foreign currencies adjusted for exchange rate effects:	Nov	79/Feb. '80	+ 37		+ 11	L +:	96 .	- 4			1 100	T-941
· · · · · · · · · · · · · · · · · · ·		Feb./May	+123		_ `4			- 4 + 25	+ 7 + 8			. † . 7
			<u></u>					-SEQVIC		<u>. </u>	. + 2	+ 6
•			Total	in of whi	2 Ind	ransport compuni-	Public of and nati	milities .	Locat	Retair		Professional.
London clearing banks	1020	Feb 20	7,116	sterin 6,51	-	cations 584	governa	nent go	etipment (pistribution pistribution	Other distribution m	cleating and isselfaneous
Dodgeon crossing names		May 21	7.575	6,97		599	· 718		82 116	1,427	1,387	2.939
Scottish clearing banks		-	914	819		120	81		71	1.673	1,388	3,214
		May 21	972	86		139	- 84		73	145 169	137	360
Northern Ireland banks:			249	249		· <u></u> ·	23		7	. 94	139	367
All banks		May 21	257	25		. –	14	ļ.	8	99	38 44	87 97
All banks		Feb. 20 May 21	18,024	13,499		1,869	2,350		.120	2,302	4,575	92 5.807
of which in sterling			18,673 13,499	14,217		1.968 1.201	2,165		317	2,627 -	4.338	6,258
** ****************************		May 21	14,217			.239	507 413	-	,088 ,305	2,276	2,920	5,508
Changes:		-		:				. *	1000	-2,600	2.888	5,772
in sterling	NOV. '	79/Feh. '80 Feh./May '	+1,069		+		+211		112	- 61	+194	+604
in foreign currencies adjusted	1400	reo./ Blay	+ 718		1	- 38	- 94	-	217	±324	- 32	_+265
for exchange rate effects.	Nov '	79/Rob '80	⊥ 96			_ 50 .	_98a					-

Unemployment 'will continue to rise'

LONDON BUSINESS SCHOOL FORECASTS

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The recession is expected to the end of the period private

expected to rise by 18 per cent

celeration of monetary growth

rising steadily to more ahan

2m within two years.

company sector over the next ing to the 1978 peak.

E RECESSION in both the tely to continue until towards e end of next year, the Business ntre for Economic Forecastg projects in its new conomic Outlook published

After 1981, there should be some improvement. But total output in Britain is unlikely to reach its pre-budget level until the end of 1982, and unemployment is likely to continue rising for the next three to four

The inflation rate should decline and, if the monetary targets of the Government's medium-term financial strategy are observed, the annual rate of inflation should be below 8 per cent by the end of 1982.

The strategy is discussed in an economic viewpoint by Dr. Alan Budd, the director of the Centre for Economic Forecast-ing, and by Mr. Geoffrey Dicks. The authors examine the feasibility of the strategy and the money supply targets in terms of the proposed underlying path

for public sector borrowing.

They conclude that the public borrowing path and the monetary targets are consistent and that the strategy would not be threatened if output grows by less than the I per cent annual rate between 1979 and 1984 assumed by the Govern-

Dr. Budd and Mr. Dicks maintains that "in current condi-tions the control of inflation next 18 months compared with must be regarded as a primary its previous projections four aim of policy. We do not believe months ago. The change in total that it is worth paying any price output, as measured by real to achieve it; that is why we Gross Domestic Product, is ex-

Inflation

ceptanc

"We have also argued that it is wrong to load so much of the burden of adjustment to the lower rate of inflation on to the essential both to persevere with substantial surplus in 1982 and the policy and to show that the 1983, in contrast to previous monetary objectives are feasstrategy shows that they are."

Outlook examines the viewfrequently argued by Lord Kaldor, for instance—that there is no connection between public sector borrowing and the growth of the money supply. Two sterling's value against a basket business school economists, Mr. of other currencies is expected. Michael Beenstock and Mr. to decline from 74:1 (1971= Andrew Longbottom, maintain that, while there was no simple short-term relationship between the two, there is a stable statistical link between them in the

(February projections in brackets)										
Consumer spending Exports Imports Gross domestic product Consumer prices Money supply (M3)	1980 0.2 (0.7) 3.4 (4.5) -0.8 (0.8) -2.3 (-1.7) 18.2 (17.7) 8.8 (7.8)	Percentage annual d 1981 -0.5 (-0.2) 0.9 (-0.2) -1.6 (-1.1) -0.4 (0.4) 15.5 (14.1) 7.8 (8.8)		1983 23 (1.7) 26 (3.3) 3.4 (3.8) 1.6 (2.5) 7.5 (7.7) 6.5 (9.6)						
Current account fon Adulst unemployment (m. Great Britain)	-1.9 (-1.7) 15 (1.48)	0.25(-1.71) 1.84(1.82)	2.03(-1.76) 2.04(2.04)	1.85(-281) 2.15(2.14)						

months. Company profits

(after deducting stock apprecia-

to increase by 17.3 in 1981. Four

months ago, the business school was projecting a drop of 59.1 per cent this year and, a month

examines the claims that British industry is bleeding to death put considerable pressure on the . investment is only just returnbecause of its vulnerability to

The authors argue that the rise in imports since the war can be explained by movements towards freer trade which has had an offsetting beneficial impact on exports. They argue that there is nothing either unusual or threatening about

these developments.

Consequently, the authors challenge "the initial starting point of the protectionist school that increasing import penetration is undermining employment and growth in the UK On the contrary, we would regard the most alarming current development as the increasingly loud calls for protect creasingly loud calls for protec-

nersistently argued against a pected to be larger this year eduction in the level of public ector borrowing in this year's Budget."

Great to be larger this year pected to be larger this year eduction in the level of public ector borrowing in this year's per cent previously—and GDP is expected to fall marginally next year rather than to in-crease slightly, as expected in February.

The main change compared with the previous forecasts is in the business school's view on the current account of the company sector. However, if the balance of payments. This is rate of inflation is to be brought now projected to move into down by monetary means it is surplus next year and to be in projections of a continuing ible. The medium-term financial substantial deficit. In part, this reflects the more cautious view A further article in the of output growth up to 1983 outlook examines the view— now being taken.

The competitive position of British goods is expected to improve from next year onwards. The trade-weighted index of to decline from 74.1 (1971= rently 17 per cent, is expected onger term.

The other main special paper fourth quarter of this year and in the Outlook, by Mr. Beenstock and Mr. Peter Warburton, 1981.

GGG

ANGLO AMERICAN COAL CORPORATION LIMITED (Incorporated in the Republic of South Africa)

Coal Supply to the Electricity Supply Commission's Tutuka Power Station from New Denmark Colliery

The board of Amcoal announces that Escom has exercised its option for additional coal supplies from the New Denmark coaffield to enable the planned generating capacity of the Tutuka Power Station to be increased from 1,800 mw to 3.600 mw. As a result the designed capacity of the New Denmark Colliery will now be increased to some 10 million tons of coal annually.

Work is now in progress on detailed mine planning. Production is expected to commence during 1984, in time to meet the commissioning of the first of the six planned generating sets at the power station during the first half of 1985. It is expected that full production will be reached by 1990.

In the annual report for 1979, the combined cost of developing the New Denmark Colliery to supply the Tutuka Station, then of 1,800 mw capacity, and the New Vaal Colliery was estimated at R210 million in January 1979 money values. Capital estimates for the enlarged New Denmark Colliery are in the process of being completed and agreed with Escom. It is now expected that the combined cost of the two collieries will be approximately R322 million in January 1979 money values. As previously indicated it is anticipated that -approximately 60 per cent of the cost of the two collieries to completion will be funded by Ameoal.

Johannesburg June 30 1980

COMPANY NOTICE

TAKEDA CHEMICAL INDUSTRIES BEARER DEPOSITARY RECEIPTS

AN-HOLDING S.A., LUXEMBOURG MOTICE IS HEREBY GIVEN that Pan Holding S.A., has declared a dividend of

LEGAL NOTICES

CRESCAM LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act 1848, that a Meeting of the creditors of the above-named Company will be held at The Holiday Inn, Trier, Germany, on Thursday, 17th day of July, 1980 at 12 o'clock middey, for the purposes provided for in Section 294 and 295, Dated the 20th day of June, 1990, M. D. TOOGOOD, Director.

THE COMPANIES ACTS 1948 TO 1976 J. KING & PARTNERS (ENGINEERS) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the ebove-named Company will be held in Richborough Hall. Ramsgate Read, Sandwich, Kent, on Friday, the lourth day of July 1980, at two o'clock in the ahernoon, for the purposes mentioned in sections 294 and 295 of the said Act.

ed this 20th day of June 1980

extradition By Raymond Hughes, Law Courts Correspondent

المثالة الذه

quarter levels. By the end of 1981, the slowdown in the inflation rate is expected to bring the savings ratio down and to help to stimulate the growth of consumer spending to a average rate of about 2 per cent a

World output is projected to fall from its first quarter peak with industrial production down by 5 per cent compared with the 12 per cent drop in 1974-75 when all countries contracted

Some recovery is expected in : the second half of next year and 239 cases of indigo dye to the in 1922-S3 world industrial pro- detriment of Kagan Textiles, duction could be growing at a rate of 5 per cent a year. World trade is also forecast

ion and returns from North Sea in manufacturing and by nearly oil operations) are projected to drop by 52.3 per cent year, but economy. In the pay round from to cise more slowly this year, but the slowdown is likely to be less than for output because August 1, a slowdown is of higher imports b expected in the rate of growth producing countries. of earnings to roughly 15 per World prices. of higher imports by the oilof earnings to roughly 15 per World prices — currently cent; in subsequent pay rounds, 15 per cent higher than a year the rate is forecast to decline to around 10 per cent. This is in lin with the progressive deago for manufactured goods and 11 per cent higher for consumer

prices-are forecast to slacken from now on to a single figure rate of increase by the middle and inflation, but it does not prevent unemployment from of next year. Economic Outlook 1979-83, Volume 4, Number 9, June 1980.

Real personal disposable in-comes are expected to drop slightly from now onwards. With Annual subscription £48.00 in fixed investment of more than 5 slightly from now onwards. With the UK and available from that it intends to sue Lord per cent this year and a further little change expected in the Gower Publishing, 1 Westmead, Kagan for "a substantial sum" 4 per cent in 1981. A recovery savings ratio in 1980-81 spend- Farnboruogh, Hampshire GU14; in the United Kingdom civil

on Kagan

THE COURT of Appeal Paris will announce on Wednesday whether Lord Kagan is to be extradited to the United Kingdom to face criminal charges.

Extradition has been sought by the Director of Public Prosecutions on behalf of the Customs and Excise. They want Lord Kagan, former head of Kagan Textiles, returned to Britain to stand trial on charges of misappropriating and of falsifying accounts. Lord Kagan was arrested in

Paris on April 8. He had disappeared from Britain 15

months earlier.

If he is extradited Lord Kagan will not have to face fraud charges originally brought against him by the Revenue after investigating the denim cloth export side of Kagan Textiles. Such offences are not covered by the extradition treaty

Lady Kagan and three executives of the company have already been committed for trial on the fraud charges at Leeds Crown Court. Kagan Textiles has announced

Ruling soon | Parliamentary Diary

COMMONS-Civil Aviation Bill,

remaining stages.

LORDS — New Towns Bill ing Bill, committee stage. Commons message on Trausport Bill. Gas Bill, 'third reading.

SELECT COMMITTEES Energy. Subject: Isle of Grain power station. Witnesses: Thermal Insulation Contractors Assn. (Room 8, £15 pm). Treasury and Civil Service. Subject: monetary policy. Witness: Prof. Patrick Minford (Room 15, 4.30 pm). Public Accounts. Subject: Interest Relief Grants. Witnesses: Dept. of Energy (Room 16, 4.45 pm).

TOMORROW COMMONS—Debate on Opposi-

tion motion on INMOS until 7 pm. Debate on Liberal motion on need for prices and incomes policy. Motions on the Financial Assistance (Offshore Supplies Grants). Scheme, and on Petroleum (Production) (Amendment) Regulations. LORDS—Social Security (No.

2) Bill, report stage. Motions to approve Welfare of Livestock (Deer) Regulations 1980 and Veterinary Sur-geons Act 1966 (Schedule 3 Amendment) Order 1980. Select: Committees — Foreign Affairs, Overseas Development Sub-Committee. Subject: Development Divisions. Witnesses: Overseas Development Administration (Room 15, 5.15 pm). Transport. Subject:

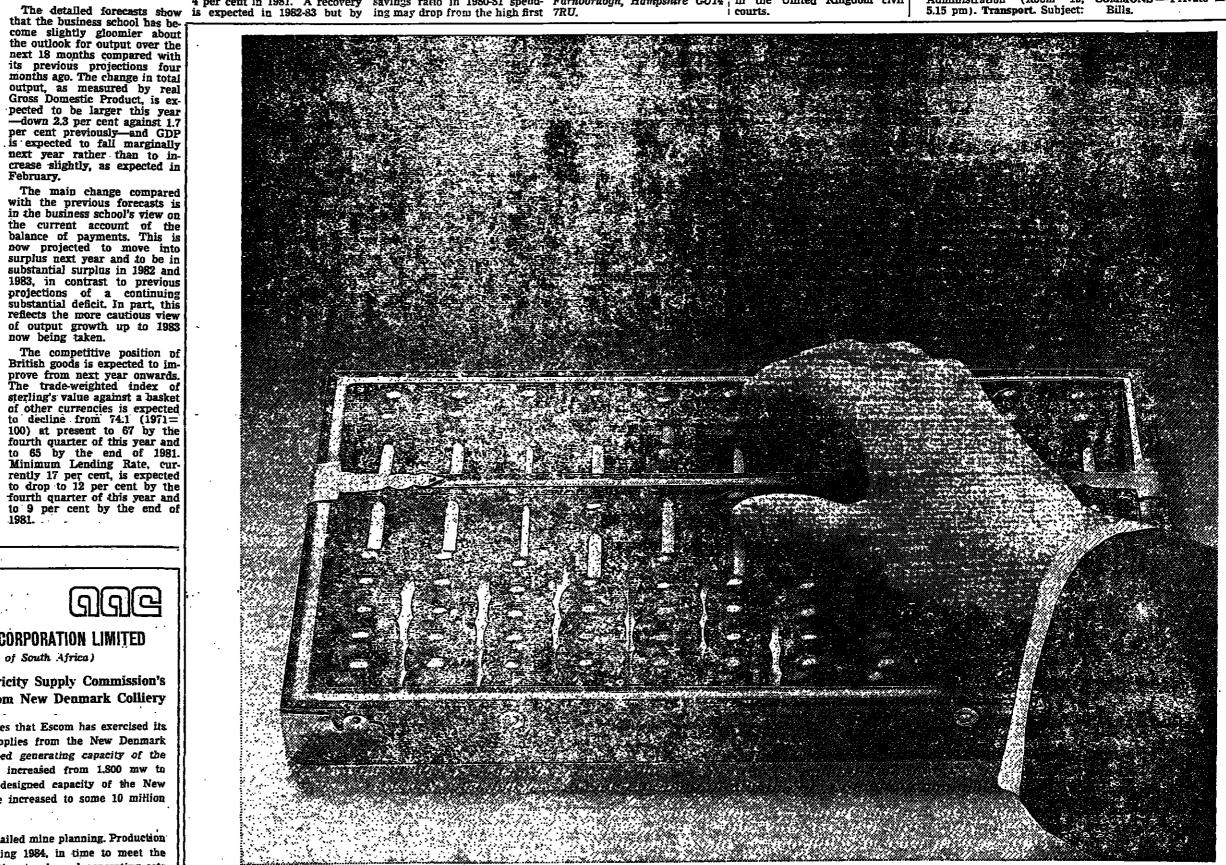
Freight Transport Associa-tion (Room 17, 6 pm). WEDNESDAY

(Money), third reading Hous- Commons-Decate on EEC documents on convergence and **Eudgetary questions. Motion** to approve Education (Publication of School Proposals) (No. 2) Regulations.

Select Committees — Foreign Affairs. Subject: Effects on British Foreign policy of Soviet expansion in Afghanistan. Witnesses: Foreign and Commonwealth Office (Room 15. 10.30 am). Energy. Subject: Isle of Grain power station. Witnesses: CEGB (Room 8, 10.45 am). Industry and Trade. Subject: Import and export trade. Witnesses: Transport: Subject: White Paper on roads. Witnesses: British Roads Federation (Room 17, 11.30 am). Public Accounts Subject: NEB accounts 1979. Witnesses: Department of Industry, NEB (Loom 16, 4 pm). Transport: Subject: Channel Link. Witness: Sir Alec Cairneross (Room 17, 4.15 pm). Emiloy-(Room 17, 4.15 pm). Employment. Subject: Work of Department of Employment Group. Witness: Mr. G. Howard, director, special programme division, Manpower Services Commission (Room 6, 4.30 pm).

THURSDAY

COMMONS — Local Government, Planning and Land (No. 2) Bill, remaining stages. FRIDAY COMMONS - Private Members



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Newcastle University

Guildhall, Preston

Moat Park, Maidstone

Leisure Centre, Pontypool

NEC, Birmingham

Harrogate

Olympia.

Earls Court Olympia .

TELM Social Fund. wides money mainly ing and retraining of chould be expanded in of mounting EEC unnonent, the British TUC

¬ys that a special category aid should be created to ' 'n the long-term unemployed -- out of work for more than a --:---whose numbers had quadripled in the last decade.

In written evidence to the House of Lords Select Committee examining the fund, published today, the TUC says "deplorable" that the fund should account for less than 5 per cent of the EEC budget, even though it was now four times bigger than eight years ago.

"It would be unrealistic to expect any significant increase in the overall proportion of the fund allocated to the UK. Within the constraints imposed by the fund's overall budget, the UK is in a relatively favourable position."

Since 1973 the UK had received an average of 23 per cent of the fund's total resources. The figure last year was 26 per cent, or £180m. But still greater sums should

be available to the UK, matched by an increase in the Government's own commitment to comprehensive manpower and training policies.

^D-eston factory arraned by ^ddison Tool

THE ADDISON Tool Company which imports power saws and pipe-bending machinery from Italy and the U.S. is to try to break into the more sophisticated part of the pipe bending

The company opened a 20,000 sq ft factory in Preston last week for the production of the range it hopes will win it the higher priced slice of the market. Addison has developed a computer controlled unit "hinh will be able to store prerious pipe bending patterns on ripe. This will guarantee rpe. This will guarantee repeatability and a high level

CONTRACTS AND TENDERS

NIGERIAN PORTS

AUTHORITY

TENDER FOR THE

PURCHASE OF

(2) Harbour Launches

(3) Mooring Launches

ing to purchase the above-mentioned three

types of vessels from reputable shipyards.

The Nigerian Ports Authority is propos-

(1) Pilot Cutters

ITN in critical talks on news equipment

BY PAULINE CLARK, LABOUR STAFF

to see a make-or-break decision Independent Television News technicians on the intro- companies. duction of electronic newsgathering equipment (portable

videotape cameras). The Association of Cinematograph, Television and Allied Technicians said yesterday that talks on ENG had reached a "critical" stage following shop-floor rejection of the latest management cash offer.

Any agreement on the union's demand for an across-theboard payment for co-operation with ENG could have important implications—not only for the future efficiency of the ITN service—but also for the

THE NEXT 10 days are likely further introduction of new

The agreement which ended last month's blackout of ITN originally set a June 30 deadline for reaching an understanding on the ENG issue.

Technicians had refused to handle a Grampian Television insert of ENG recordings of Mrs. Thatcher speaking in Scotland.

The ACTT said ahead of more next week: talks desperately want to see ENG used on ITN." But it said it was determined that agreement would be reached only on the the right terms.

An acceptable across-thetechnology deals in other board cash and conditions offer British commercial television by ITN could set a lead for future deals in other TV companies. An ITN agreement was said by ACTT to be important because it dealt predominantly with news, which

The ENG system, already

used widely by foreign tele

vision organisations, uses a colour videotape which can be transmitted instantly, eliminating the need to process film. As in other areas of industrial new technology, the system has given rise to fears of lost status by technicians such as film cameramen whose traditional

skills are no longer needed.

was the main use for ENG.

TGWU ban hits Bass supplies

By Gareth Griffiths

A WEEK-LONG overtime ban by 700 production workers at the Bass brewery, Burton upon Trent, has led to beer shortages in public-houses in the North and East Midlands, with likelihood of national shortages of some brands.

The dispute involves Transport and General Workers' Union members. They want an extra £25 a week on basic pay. Bass offered £17.20 and said the deal would make average weekly earnings at the brewery £188. Settlement date runs from July 1. It is one of the last in the current brewing pay-round. Bass said the dispute was a

local one. Management do not expect it to spread.

John Lloyd looks at print union merger hopes

The NGA must pay for its scalps

confidence marked the biennial of the delegate meeting National Graphical Association the print craftsmens union, in

Blackpool last week. For a good reason. The scalp of Times Newspapers; the Newspaper Society, negotiating body for the provincial Press; and the British Printing Industries Federation were all but visible on the platform in the Winter Gardens where the executive

The soothing cliché ritually applied after a dispute has ended, "no one wins a strike," does not survive a judgment at

conference. Delegates know that disputes are won or lost, and they considered they had won all three;

a hat trick. hat trick.
There is no such thing, however, as a free strike. The union has paid out about £1.8m to its members for the three disputes, and faces a deficit on its general fund, which finances industrial action as well as current expenditure.

The traditionally well-heeled provident fund, which relies on a general fund surplus to provide it with cash for the investments on the income on which it lives, is starved of this

support. Mr. Colin James, the union's financial secretary, told the con-

self- of union members the fund could pay unemployment benefit only for a few months. No specific proposal was adopted for coping with this shortfall, though a series of measures was passed to give

radical solutions than merely

being a bit more careful at local

more control to the executive of The underlying problem of expenditure exceeding income as more and more services are demanded, coupled with the problems which the recession is visiting on the printing industry, force the union to think of more

level, or increasing subscrip-The most obvious, most radical but by no means new solution is amalgamation.

There are five main unions in the print. Besides the NGA, these are the National Society of Operative Printers. Graphical Media Personnel: Society of Graphical and Allied Trades; the Society of Lithographic Artists, Designers and Engravers (SLADE); and the National Union of Journalists.

Formation of one print union from these constituent parts, most themselves amalgamations has been an ideal for decades, and practically canvassed in the

It has not worked because. though the ideal is fine, and ference that if unemployment in from an Olympian perspective the industry rose to 1 per cent an obvious move, down in the more than skeletal services.

formidable.

The print industry is the most highly unionised of any part of the private sector. Demarcation lines between unions are strict and scope for aggravation is

SLADE and NGA have had a long battle over organisation of design studios, while the NGA and SOGAT are in conflict over printing by facsimile transmis-sion of the Daily Express and Daily Star in Inverness.

The one substantial merger, between NATSOPA and SOGAT, to be effected in the past decade fell apart after 18 months, partly on inability by members of either to agree on pooling of jealously-guarded jobs.

The journalists, least "natural" element of any complete merger, may be expected to have a number of members opposed to it on political, or simply on class, grounds.

Further, the NUJ has a growing membership in broadcasting, which it does not want to lose. For these reasons its officials tend to favour a confederation, in distinction to the NGA's concept of a complete merger. The pressures for merger are

now probably greater than the problems preventing it. SLADE and the NUJ small unions, with a too-small subscription base to support

PAPUA NEW GUINEA

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providing Engineering Consulting Services for the Design and Supervision of Construction of eight Switchyards and Substations. These Substations and Switchyards will be needed to take care

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these stations (Rouna 4 and Warangoi) and two others are now

in the design stage (Kaugel No. 1 and Pauanda).

The primary voltages are 132KV (for three switchyards) or 66KV (for five substations) and the secondary voltages are either 22KV (for two substations) or IIKV (for the remaining three sub-

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Documents may be had by application to the:

Chief Engineer,

P.O. Box 1105,

Design & Contracts

Papua New Guinea

plants and in the union rule The other three are medium-books the complexities are sized, with problems only a little less acute, though only the NGA has given them a public

airing. The industry's three main areas, Fleet Street; provincial Press; and general printing, all face hard times, especially in the latter, where closures become increasingly common place and foreign competition

So a new round of talks, encouraged by Mr. Len Murray TUC general secretary, is beginning. SOGAT and NATSOPA are negotiating on one side, SLADE and the NGA on the

Both have gone over the ground before, so they may be able to dispense, with pre liminaries.

As a kind of bridge over troubled waters, the NGA and SOGAT will continue talks also with a mutual recognition that

these could be lengthy.

By the end of the year, according to Mr. Joe Wade, general secretary of the NGA. there should be a merger between his union and SLADE.

July 22-23 ...

Aug. 4-6

On the assumption that NATSOPA and SOGAT can in time reach an agreement which sticks, and there are clearly many difficulties, the two major issues will then be can the general print unions live with the craft union, and can the journalists live with both

Craft pride is strong -NGA delegate remarked last week that he did not want " this union run by a paper stacker " general unions equally strong.

Yet as Mr. Wade remarked last week the problems which now confront the industry new technology, challenge of imports to the general print, advertising cuts in the provincial and national Press, increasing politicisation of Fleet Street -have their best chance of resolution if taken on by one union with relatively secure resources and a high level of

As he also remarked, the cynicism and disillusionment which would surround another failure would finish the project for a further 10 years. The stakes are high.

organisation.

MFI dispute settled

SIX-WEEK dispute at the Stratford, East London, branch of MFI, the furniture group, has been settled. Twelve Transport Workers' Union members were dismissed last month after striking to reinstate Mr. Gary who they believe was sacked unfairly for his trade union activities.

the strikers and put Mr. Cook on paid suspension pending arbitration.

BUSINESSMAN'S DIARY UK TRADE FAIRS AND EXHIBITIONS

Title
Energy Show (01-837 3636)
Temperature Measurement and Control Exhibition an Conference (0822 4671) Autumu 80 Lightshow (02488 396) July 6-10 July 8-10 July 9-26 Great Yorkshire Agricultural Show (0428 61536) Royal Tournament (01-930 6009)
Taste of Asla Exhibition (01-272 4287)
Exhibition and Conference on Micro Technology-July 11-20 July 15-16 MICROFAX (061-236 4612) July 18-20 Motor Cycle Show (0384 56348) July 20—24 July 22-24 Gift Fair (0282 867153) Microcomputer Show (0895 39262) Scottish Furniture Trades Exhibition (041 649 1954) Aug. 14 Aug. 37 International Gifts Fair (01-855 9201) Computer Graphics Exhibition (0895 39262) Aug. 11-13 Ideal Home and Leisure Exhibition (0202 20327) Aug. 14-25 British Musical Instruments Trade (01-855 9201) Ideal Home and Trade Exhibition (06333 64538) Modern Homes Exhibition (0253 54676)
Trade and Entertainments Exhibition (0689 36431)

OVERSEAS TRADE FAIRS AND

International Solar Forum (02013 4450) (until International Welding Exhibition (01-278 0281) (until July 6)
Show Components and Motor Show, Exhibition July 1-4 Latin American Oil Show (01-222 0466)

July 2-5 Audio Visual Exhibition AUVI (021-705 6707)

July 7-11 International Training and Educational Symposium and Exhibition—INSTRUCTA (01-486 1951) July 16-24 International Photogrammetry Trade Exhibition
July 28-Aug. 3 ... Trade Fair
Aug. 8-17 Modern Family Exhibition (02013 4450)
Aug. 11—17 International Fisheries Fair
Aug. 19—Sept. 4. International Exhibition of Agriculture and Food International Photogrammetry Trade Exhibition Industry—OMEC
Wellington Home Show

Budepest Wellington, New Zealand

Rio de Janeiro

Singapore

Hamburg

Hamburg

BUSINESS AND MANAGEMENT CONFERENCES

Spicer and Pegler: The office of the 80s (01-283 Great Eastern Hotel, EC2 2683) CCC: Use of Offshore Financial Centres—Cyprus Royal Lancaster Hotol, W2 (01222 6362) ESC: The Companies Act 1980 (01-262 1234) Cumberland Hotel, W1 University of Bradford Management Centre: Sales Heaton Mount, Bradford Management (Bradford 42299)
Institute of Personnel Management: The Work of Embassy Hotel, W2 The Personnel Department (01-387 2844)
BIM: Micros—The real costs and how to fund them Mount Royal Hotel, W1 (01-405 3456) Institute of Chartered Secretaries: The Companies London Press Centre Act 1980 in Practice (01-580 4741) The Plastics and Rubber Institute: Plastics on the Kenilworth Road (01-245 9555) ESC: Norwegian Taxation: A specialist conference Carlton Tower Hotel, SW1 for the oil and gas industry (657 282 2711)

ASM: Inventory Control and the Microcomputer Pembroke College, Oxford FT Course: Financial Management for the non-The City University financial executive (01-621 1355) Oyez IBC: Estate Agents' Remuneration—Sell a Duchess Mews, W1
Property and get no commission? (01-242 2481)
LCCI: Iraq (01-248 4444)
Cannon Street, EC4
Oyez-IBC: How to Cope with Personner Problems
(01-242 2481) July 15 July 17 (01-242 2481) July 20-25 July 22-24

(01-242 2481)
Brunel Institute: Inter-Personal Effectiveness
Workshop (0895 56461)
Oyez-IBC: The Language of the Law (01-242 2481)
The Institution of Civil Engineers: Flood Studies
Report—6 years On (01 222 7772)
Online: Microelectronic Applications (09274 28211)
University of Bradford Management Centre: The
Causes and Symptoms of Company Failure
(Readford 42999) (Bradford 42299)
Bacie: Introduction to Television in Training City University, London

Compower Training School: Basic COBOL July 28-Aug. 15... (Cannock 2511) (Cantrol Kanagement and Control Worthing
(Worthing 34755)

British Institute of Management: Effective
Speaking—Practice and Coaching using Closed Parker Street, WC3
Circuit TV (01405 3456) Aug. 78 British

Aug. 10—24 University of Western Ontario: The 1980 Inter-Ontario, Canada national Symposium on Solar Energy Utilization

Aug. 11—16 CCC: Practical Introduction to UK Business Law Trinity Hall, Canada Aug. 11-Aug. 22 CEI: International Financial Management Seminar Geneva

Cannon Street, EC4 Cavendish Conference Centre, Lady Margaret Hall, Oxford

Wembley Conference Centre Heaton Mount, Bradford

Financial Times Conferences

INVESTMENT IN MALAYSIA Kuala Lumpur - November 3rd and 4th, 1980

There is an aura of optimism within Malaysia for the economic future of the country. The background to this and the justification for it will be examined in this conference. The Deputy Prime Minister, Y. A. B. Dato' Seri Dr Mahathir bin Mohamad, will give the opening address and other leading ministers will be giving presentations. Emphasis will be given to the opportunities for investment as seen by those already involved in business in Malaysia.

AUSTRALIA - THE ATTRACTIONS FOR FUTURE INVESTMENT Melbourne — October 30th and 31st, 1980

The Prime Minister, the Rt. Hon. J. Malcolm Fraser, has agreed to give the keynote address at this conference which will highlight both the potential and the favourable environment for international investment and business co-operation with the Australians.

All enquiries should be addressed to: Financial Times Limited Conference Organisation The company is to reinstate Minster House, Arthur Street London EC4R 9AX

Tel: 01-621 1355 Telex: 27347 FTCONFG Cables: FINCONF LONDON

Contractors wishing to be considered for selection to randor for the installation of an independent domestic hot water supply system to 415 dwellings at Degnall Street Estate, should submit names to the Director of Administration. The Town Hall, Wandsworth High Street, London, SW18 2PU by 11th July 1980.

WANDSWORTH

CORPORATION

supply system at Dagnell Street Estate, S.W.11.

The work will involve the removal of the existing hot water cylinders and attached heaters supplying domestic hot water to each dwelling and the installation of a new system comprising 184 wall-mounted boilers serving cylinders and 231 instantaneous water heaters. It is anticipated that specifications and drawings will be issued by the oncorrectors in July 1290 and that the contract poriod will commence in Mid-August 1980 to be completed by August 1981.

Applicants must submit details of labour, technical and supervisory staff evailable, together with names and addresses of two technical and two financial referees, unless this information has already been provided for a similar contract within the last twelve months.

The engineering services design for this acheme will be provided by the Council's Director of Development.

LETTER OF NOTTIFICATION TENDER FOR CHAMPION MOTOR GRADER SPARES The Crown Agents will shortly be calling for worldwide tenders on behalf of the Kenya Mundery of Transport and Communications for the supply of various apares for Champion D562 Motor Graders.

All these bonds having been sold, this announcement appears as a matter of record only.



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N.P.A. Notice No. 3238

the Al-Assad University Hospital
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NOTICE
Price Offers Invitation
(Local and Foreign)
The Committee for the Completion
of the Al-Assad University
Hospital, formed by decision of
Mr. The President of the Synen
Arab Republic No. 26 dated
24.5.1930, hereby invites offers for
conducting necessary studies. Interested Tenderers should collect their Tender documents for each of the crafts from the Chief Purchasing Officer, Nigerian Ports Authority, 26-28 Marina, Lagos, on present-Arab Republic No. 26 dated 24.5.1930, hereby invites offers for conducting necessary studies, effecting amendments, and executing external and finishing works, as well as the equipping of the Al-Assad University Hospital structural building, which specifications and actual condition are described in the drawings and schedules annexed to the relevant tender documents, and that for the purpose of transforming the present structural building into a hospital, and the completing and equipping of such building (to the exception of instalfations and equipments already ordered by the university and as detailed in the achedules attached to the tender documents file) ready for exploitation as a Turn Key Project. Time allowed for the completion of the whole works shall be (450) four Hundred and Filty Days, as from the date set forth in the commencement order.

The relevant documents file consisting of Instructions to Tenderers. Particular Conditions ation of a receipt for payment of a nonrefundable deposit of N50.00 for each type of craft (i.e. N150.00 for the three types) made to the Authority's Cashier, Finance Department, 26-28 Marina, Lagos.

Tenders should be submitted separately for each vessel in triplicate in sealed envelopes marked at the top left-hand corner "Tender for Pilot Cutter/Harbour Launches/ Mooring Launches respectively" addressed to:

> The Secretary Nigerian Ports Authority 26-28 Marina

to reach him not later than 12.00 noon on 15th July, 1980. Tenders received in any other manner shall not be considered.

The Authority is not bound to accept the lowest Tender.

(J. E. Kalu) Secretary to the Authority

Dated 20th May, 1980

BLAKENEY, NORFOLK: in 3 acres partiy-wooded grounds, a charming extensively modernised FLINT COTTAGE for sale by auction on Saturday, 25th July funless previously), HfLIS, Chartered Surveyors, Holt 1025371 3554. COURT LODGE, SLOANE SQ.—An ideally situate purpose built flat being at onco subject and convenient: Accommodation

tender price. Dated at Latakia on 15.6.1980

The relevant documents file consisting of Instructions to Tenderers. Particular Conditions General Information and Instructions to Tenderers Particular Conditions General Information and Instructions to Tenderers may be examined at the offices of the Teshreen University Secretarist located in the university administration building at Latakia, and a copy thereof may be obtained at a unit price of LS 2000.00 (Two Thousand Syrian Pounds). Tenders may be submitted to and registered with the Teshreen University secretariat not later than at 14.30 hours on Wednesday the 20th of August, 1580. Tenders shall be submitted according to the form and conditions provided for in the Instructions to Tenderers, and shall be accompanied by a provisional guarantee amounting to (2% of the total tender price.

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HIBITION

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Robots progress in diecasting

Unimate Series 1000 a consistent casting can be propot to go into operation in duced each cycle. graps is in the plant of Metal In the sequence, the robot casings (Worcester), the com- moves into position when the cany which has pioneered diecasting automation techniques Ath the use of six other unmate robots of the Series _330 . type_

Series 1000, a recently introduced lower-cost 5-axis materials wansfer system, is serving a 600-ton microprocessor-controlled diecasting machine, extracting finished castings and mitiating various sequences such as automatic lubrication of the die cavity and re-cycling -procedures. -

Series 1000 is operating in an extension to one of Metal existing foundries which has been fully equipped with all services to cater for oture markets, with provision or installing similar machines and Unimate systems at a . liure date.

Like Metal Castings other Unimates the robot has been readily accepted by the workforce and operates a 24 hour continuous shift. Its high relia-

die opens, grasps the casting by its slug and clears it from the cavity, at the same time initiating automatic die sprays.

Although it is apparent that the £2m investment and the installation of robot automation and microprocessor control at the Droitwich Road plant will undoubtedly help to substantiate the company's business in the UK, sales director Keith Harris believes that the future for component discasting must be in the European and other world markets.

Because international manufacturing is now commonplace, he believes component marketing is becoming more of a worldwide affair. Greater production capability coupled with improved productivity will mean that Britain can be competitive in not only the European market but also in any other country where the motor car or any other consumer product is being produced.

bility means stoppages and Unimation (Europe), Unit C. Unimation (Europe), Unit C. 213 capability is improved and TF3 3A6, Telford 618931.

water hydraulics wacturing pact

REDMAN Broughton, the Birm- to export complete systems, the ingham based member of Red- company intends to concentrate man Heenan International, has at first on the home market. reached an agreement with Wetner and Pfleiderer of Stuttgart by which the two companies will jointly engineer water-hydraulic systems for use in Britain.

Under this pact, Redman Broughton will design and manufacture manifold stations, valve stands, etc., and fit these out with Werner and Pfleiderer components which will include company's solenoid-operated valves. Werner and Pfleiderer will also supply other items of equipment such as triplethrow high-pressure piston pumps and hydraulic accumu-

Integrated systems operating at pressures up to 400 bar will he available but systems operating at higher pressures can be supplied if required. Although Redman Broughton will be free

Water-hydraulic systems are making a distinct comeback, largely as a result of the development of low-speed highvolume pumps operating at high pressures which eliminate

the need for accumulators. Their inherent safety, which enables them to be used in hazardous areas such as steelworks, is another factor in their favour. Other advantages inoil-in-water emulsion containing up to 5 per cent of a special

021-554 9373.

● CONTROL

Gamma rays guide the cutters

INVENTED IN Britain, a developed thickness of coal in a seam.

a coal-cutting machine a microprocessor-based indicator unit, purposes. remote indicator and a power

what more pronounced than their surroundings, and this with shales and rock above and ten times higher than that from the intervening coal.

An important characteristic underlying method of guiding coal-cutting of this radiation is that it nominally 20 picories per gram by tends to be consistent for a Salford Electrical Instruments given site—even along the under contract from the entire length of a coalface— National Coal Board, uses the and the absorption of the natural gamma radiation pre- radiation by different thicksent in certain rocks and shales nesses of the coal bears a wellas a means of determining the established relationship to the actual thickness. The levels of The technique is incorporated radiation are very low (activity to withstand a mining environin a new guidance system avail- is typically 20 picocuries per ment, and can withstand are exposed to severe weather able from SEI which incor- gram of material) and hence porates a natural gamma probe SEI have had to develop which can be fitted directly to extremely sensitive equipment for monitoring and control

The radiation detector used Supply.

In the system is the containing and probe, and Basis of the operation is the 801 natural gamma probe, and fact that many materials in would normally be mounted on of light-emitting diodes, which their natural state exhibit the actual coal-cutting machine, also gives the machine operator gamma-emission effects some. It monitors the level of natural a clear indication of the pregamma flux penetrating the roof or floor of the coal seam, effect is particularly noticeable and provides both pulsed and analogue outputs proportional below many coal seams, where to the count rate. The probe can the gamma activity can be up to monitor coal thicknesses of up to 50 cm where the gamma activity of the overlying or

cnergy 30keV-2MeV.

The electronic characteristics of the SEI probe and associated indicator units allow machine speeds of up to 6m/min to be accommodate& unit is of rugged construction mechanical shocks of up to 50g.

Signals from the 801 probe unit are coupled to a microprocessor-based indicator unit which converts radiation-level measurements into coal-thickin the system is the SEI Type ness information; this is then displayed on a vertical column determined coal thickness to be left on the roof or the floor and the deviation in 2 cm steps from this nominal thickness. Salford Electrical Instru-Eccles, ments. Barton Lane. Manchester M30 OHL, 061-789

Rank Xerox ready for battle

battle in progress (notably with the Japanese) in office copying, Rank Xerox has completed an £8.5m investment at the Welwyn Garden City factory, with strong emphasis on cost effective production.

• IN THE OFFICE

Some £6m has been spent on an array of electronics production hardware unlikely to be found elsewhere in the UK except in one or two major computer plants.

The factory contains, for example, the biggest UK concentration of Teradyne automatic printed circuit board testers—no less than 30 machines—making 100 per cent tests on boards that have had components inserted automatically by six X-Y table insertion units fed from component bandoliers. These sequenced rolls of devices are themselves assembled from the makers' single component bandoliers on

• INSTRUMENTS

PERFLOW Instruments, a new

Annual throughput of the

plant, which supplies boards for many of the company's Euronean-built copiers, is over £40m about £35.000 for each of the 1,200 production employees.
Output increased 2½ times in 1979 and continues to rise due to the rapidly increasing electronics content of the latest copiers.

Welwyn is also the European production centre for photoreceptor drums and belts, the devices which capture the xerographic image for transfer to paper. In an area having considerable security protection and entirely closed to outsiders, vacuum deposition techniques are used on a large scale to apply the selenium alloy to give uniform, defect-free surface. In all, some £7m has been spent in recent years in establishing the facility.

Newly housed on the site a pair of 30 ft long equipments. after a move earlier this year

PUTTING ITSELF into better All the machines are computer from Milton Keynes (now aban-shape for the tough market controlled.

from Milton Keynes (now aban-doned by Rank Xerox) is the company's enginering group of 450 people, able to deal with problems ranging from ergonomics to printed board and mechanical design.

> Four computer-aided design terminals are in use feeding two big plotters able to produce PCB layouts or machine drawings up to the largest (AO) size. Computervision and Calcomp have supplied the equipment NORTHLITE Insulation Serand the department writes its own software.

> Heartening news, perhaps, for users of copiers who sometimes feel either intimidated or irritated by the demands of some machines, is of the existence of a group of people observing aggressive adhesive to the typical first use behaviour of volunteers. Based on the videotaped performance, attempts are made to improve the operator interface and so make the machines as likeable as possible.

Geoffrey Charlish rooflights.

ENERGY

total roof area.

Saving the heat

BRITISH INDUSTRY loses achieved millions of pounds a year with savings. the escape of heat from uninsulated rooflights in many buildings (especially those built pre-1970) which may take up to 30 to 50 per cent of a

Rooflights, in many cases facing north, north east or east, conditions even in the more sheltered parts of the country.

Sweden has a product to aid thermal insulation of these rooflights. It is called Thermocell and is now being made in the UK by the company at Stonebow House, The Stonebow, York in a recent seminar attended by (0904 36440).

Specially developed for insulation of roof lights and vertical windows in industrial buildings, Thermocell is a glassclear material which is extremely light in weight and. says the maker, easily installed to the inside surface of the glass area with minimum interference to normal production.

Transparent corrugated cellulose acetate sheets are welded together, with the corrugations running in alternate directions. to form a semi-rigid 3-ply cellular panel with an overall thickness of 18 mm.

By insulating roof lights with this material, very considerable savings will result, says the company, especially in oil fired factories where the return on capital will be in the region of 40 per cent based on current fuel prices (this does not take into account future increases in fuel cost).

vices introduced its I.V.40/60 unit for application to northfacing rooflights, in January and has recently completed the first major project.

The module, which is formed in PVC, is fitted by means of an exterior of the glass and reduces the "U" value, in normal con-ditions, from 6.34 to 2.79 W/per square metre per degree and saves up to 60 per cent of the heat previously lost through the

Walsall Lithographic, whose premises the work was done, are old-established colourprinters and have a large area of Georgian wired glass over a printing area and offices. In order to maintain paper size year and on this basis the payback period on the £17,000 in- based at 50, Epping New Road, stallation is just over two years, Buckhurst Hill, Essex.

Northlite guarantees the installation for a period of five years. Further large contracts

are imminent. Northlite, Webner Industrial Estate, Ettingshall Road, Wolverhampton WV2 2LD. Wolverhampton 0902 49400.

A STRONG defence of rigid polyurethane and related foams for thermal insulation in domestic buildings was made by Borough of Croydon Housing Department, the National Coal Board and Harp Heating.

Polyurethane foams have been under attack as an alleged fire risk, but Mr. Dawson claimed that rigid polyurethane foams, as distinct from the flexible foams used in upholstery, were not only the most efficient and economical building insulants available but safe in everyday use.

Because they were light in weight, easily cut to shape and supplied in many forms to meet varying needs, they were convenient to use in a wide range of building applications and had unequalled thickness-for-thickness thermal efficiency, said Mr.

The Fire Research Station had reported that its officers found no evidence of excessive smoke pollution in rooms caused by the burning of rigid foamed plastics ceilings and roofing materials.

UNDER THE wing of French CONTINUOUS Kier Products and Services a new company (French Kier Insulation) has been formed initially to work on cavity wall insulation, domestic and com-

It will use the new "Thermopearl" system developed in the laboratories of the Royal Dutch Shell Group and marketed in the UK by a new group com-pany, Thermocomfort, based in Newbury Berkshire.

Expanded Shell polystyrene beads, supplied by Kay-Metzeler on a standard machine. of Wickford, Essex, coated with adhesive and injected into the wall cavity using a compressed air gun, is the material used. On completion of a contract, a written guarantee is given by method of Thermocomfort for the lifetime accurately.

continuity during the colour/ of the building—expressing printing process, this bay is Shell's confidence in its product, heated 24 hours per day, seven following lengthy development days per week, 34 weeks per of this new cavity infill material. French Kier Insulation is

techniques are part of... Horwest **V** Holst total capability

Cost

construction

e construction Safer on the root

Mr. J. A. Dawson, of Plaschem, PROVIDING SAFE access for contractor Briggs roofing Amasco on a building at Cross Green Industrial Estate in Leeds is a 14 metre high Haki stair turret

Main contractor is Shepherd Construction which has regularly employed the Haki scaffolding system for use on jobs where no permanent staircase is immediately available. The Haki stair turrets give

safe access for men, small tools, and materials to all levels of a construction project, says the company, and are quick to erect and strike-with no loose fittings than can get lost during subsequent dismantling. On open sites, the whole

staircase can be moved around by cranes without dismantling.

Most of the components used their assembly are also used in Haki access scaffold.

More from the company at North Anston Trading Estate, Houghton Road, Anston, Sheffield (090978 7631).

© COMPUTERS **Counter for**

stationery EQUIPMENT from Vacuumatic, of Harwich, Essex, will enable continuous stationery to be

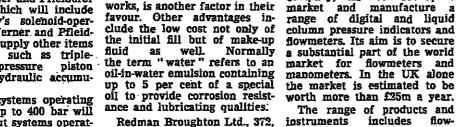
counted with comlete accuracy.

A type CH30 electronic counting head has been developed for fitment to a Super Two counting machine and will count part-set documents that could not be counted accurately Computerisation and data

processing has caused a vast increase in the use of continuous stationery but until now there had been no reliable method of counting supplies

The newly modified Super Two will count supplies at 1,500 sheets per minute and tab at any required interval between

Vacuumatic on Harwich (02555) 3101.



tronic flow and pressure indicators and switches.

company, has been set up to All the Perflow indicators are precision machined from clear rigid acrylic plastics, which means they will withstand even the most rugged site conditions. The material ensures complete stability and resists most atmospheric contaminants and corrosive chemicals.

Meters from a new British maker

The company also uses highgrade stainless steel for such Farm Street, Hockley. Birming-meters, manometers, differential hard-wearing parts as orifice ham, B19 2UD. Telephone: pressure primary flow elements plates and "flotameter" floats, and complete systems, and elec- and other rigid engineering

plastics where low weight and low cost is required.

The new Perflow factory is at 83 Denzil Road, London, NW10 2UY and production starts on July 1, 01-451 4577.



The Japanese calligrapher's image for peaceful harmony reflects an important aspect of Hitachi's corporate philosophy, harmonious growth within a family of manufacturers serving worldwide markets. Since 1910, Hitachi's product range has expanded to embrace an impressive number of sophisticated industries. Today, the group will produce a complete nuclear power plant installation. or a modest transistor radio, with equal assurance. Pursuit of excellence has not obscured Hitachi's awareness of the broader economic, social and cultural implications of their activities. This year, to emphasise the theme of peaceful harmony and cooperation the company is sponsoring

THE HITACHI 70th ANNIVERSARY **ESSAY COMPETITION**

open to any UK/Eire resident over 18 on August 30, 1980. The competition has already won enthusiasm from the Japanese Embassy in London and the Japanese Chamber of Commerce and Industry.

Essays must be 2-2300 words in length and will be judged by an independent panel of judges. Prizes will be awarded to authors of the most constructive and original essays.

Entrants are invited to choose one of the following essay subjects,

Britain and Japan: A Plan for Mutual Awareness. Technology: Friend or Foe?

Britain and Japan: Aims for a post industrial society.

FIRST PRIZE £1000 or TWO WEEKS HOLIDAY FOR ONE IN JAPAN SECOND PRIZE £500

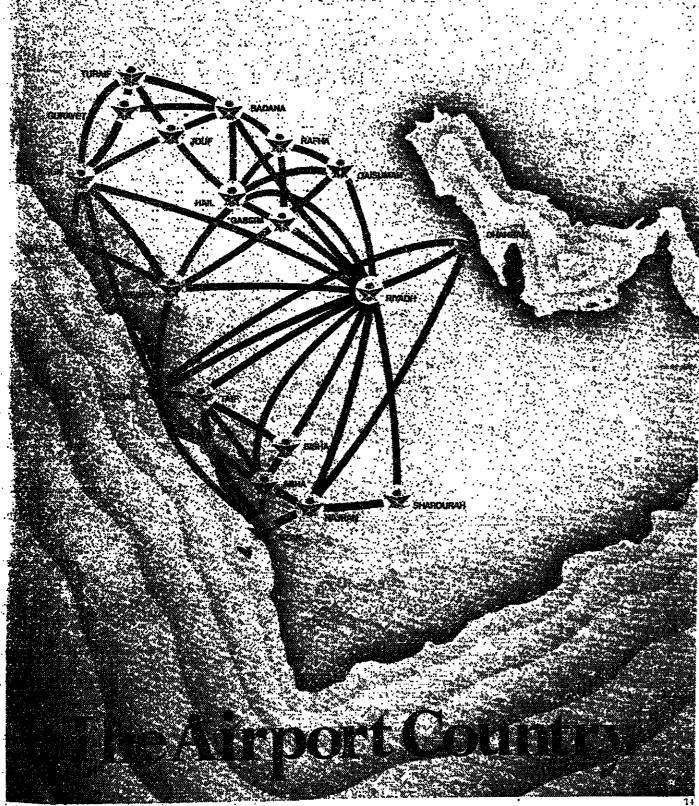
THIRD, FOURTH AND FIFTH PRIZES: Hitachi products, approximate value £100

COUPON Picase send me an entry form for the Hitachi 70th Anniversary Essay Competition. esident of the UK Eire and shall be 18 years or over on August 30, 1980.

To: Hitachi Ltd . Hitachi Essay Competition, 10th Floor, Lee House, London Wall, London EC2Y 5AS



(The sponsors regret no employee of Hitachī Lid. or its agents is eligible to enter the competition.)



Air travel is second nature to the Saudis. For example, every town in Saudi Arabia is within 70 miles of a major jet airport. Naturally this kind of background tends to

produce a special kind of airline. Firstly, Saudia can fly your clients closer to their destination. That's because we fly to 20 cities in the Kingdom: 18 of

them exclusive to Saudia. Secondly, we operate over 1000 scheduled flights each week using a fleet of 59 jet-liners that includes the very latest wide-bodied

TriStar 200's. But perhaps all this is only to be expected from a country where catching a plane is almost as common as catching a cab.



Your key to the heart of the Middle East.

Placing by Singer & Friedlander Limited

4,166,668 Ordinary Shares of 10p each at 18½p per share

The Ordinary Shares now being placed rank pari passu in all respects with the existing ordinary share capital of the Company.

SHARE CAPITAL

Authorised

£2,000,000 in Ordinary Shares of 10p each . . . £1,553,210

Issued and to be issued fully paid

BORROWINGS

At the close of business on 9th June, 1980 the Enlarged Group had outstanding borrowings or indebtedness in the nature of borrowings as follows:-

Save as aforesaid and apart from intra-group borrowings, no member of the Enlarged Group, as at 9th June, 1980, had outstanding any loan capital, or loan capital created but unissued, mortgages, charges or other borrowi indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, or quarantees or other material contingent

Directors

John Ransome Bentley (*Chairman*) ₁ Hambleton House, Peter Stephen Jackson 17b, Curzon Street, Alan Tyson Payne

London W1Y 7FE Riley Anthony Winton Rudd Secretary and Registered Office

Alan Tyson Payne F.C.A. Hambleton House, 17b Curzon Street, London W1Y7FE Bankers

Barclays Bank Limited. 160 Piccadilly, London W1A 2AB

Stockbrokers Rowe Rudd & Co., 63 London Wall, London EC2M 5UQ Solicitors

Loan Stock

Clifford-Turner, Blackfriars House, 19 New Bridge Street, London EC4V 6BY

Other borrowings (unsecured) £ 51,667

Bank overdrafts (secured)

Bank overdrafts (unsecured)

Hire purchase commitments

Other borrowings (secured)

£619.274

£ 54,989 £ 74,561

£ 25,574

£239,892

D.J. Freeman & Co., 9 Cavendish Square, London W1M 9DD

Auditors to the Company Smallfield, Fitzhugh, Tillett & Co.,

Chartered Accountants, 24 Portland Place, London W1 N 4AU

WIN 1FS.

.30th May, 1980

Reporting Accountants Stoy Hayward & Co. Chartered Accountants, 54 Baker Street, London W1M 1DJ

Trustees for the Loan Stockholders The Law Debenture Corporation, Limited. Estates House, 66 Gresham Street, London EC2V 7HX

Registrars and Transfer Office Williams & Glyn's Registrars Limited. P.O. Box 27, 31 St. Andrew Square, Edinburgh EH2 0DU

HISTORY AND BUSINESS

The Company

The Company was incorporated on 22nd March, 1920 and formerly carried on business as leather

Late in 1977 it was decided by the then Board to expand the business into other industrial fields and to rationalise the existing unprofitable tanning business. Two companies were acquired in 1978, Tape Projects Limited and Self-Seal Tape Company Limited, involved in the manufacture of self adhesive tapes for industrial and consumer use; these businesses required reorganisation, a process which is now virtually complete, and in 1979, a further extension of these activities was commenced when Tebbitt Flexible Packaging Limited (formerly W. E. Bridges & Sons Limited, a domant subsidiary) was reestablished to sell, as from the beginning of 1980, specialised converted papers and tapes to the packaging

Also in 1979, Safecastle Limited and its subsidiary, Hayman Construction Limited, an angineering company specialising in the design and fabrication of steel structures, was purchased. During 1979, the leather manufacturing activities were finally rationalised and the remaining business is now carried out by a small management team from new leasehold premises in Northampton through Silvester Munt Limited, which has a successful trading record over a number of years as a leather merchanting and finishing operation. However, heavy expenses relating to the rationalisation of the tanning business, the reorganisation of the adhesive companies, and the termination of cartain related and service contracts were the major causes of the exceptional losses in the Company's accounts. These, coupled with high interest charges, reduced the capital base and did not readily permit the Company to borrow in order

On 2nd January, 1980, Mr. J. R. Bentley was appointed Chairman of the Company and later that month a company of which he is a Director, John Baker (Insulation) Limited, completed the purchase of 20-8 per cent. of the then issued share capital of the Company. A Board reorganisation followed in which four directors, two executive and two non-executive, resigned from the Company with resultant savings

In February 1980, an announcement was made to the Press that Barker had exchanged a conditional contract to sell Countess Road for £170,000 subject to the prior conclusion of a lease with the Company, and on 25th April, 1980 the Company announced the prospective acquisitions of Signgate and Queens Gate. On 11th April, 1980 the directors asked for dealings in the Ordinary Shares and Loan Stock of the Company to be suspended while documents relating to the acquisitions described below

Signgate was formed on 23rd January, 1976, by Mr. Colin Bray, a chartered surveyor, who has had many years' experience of property dealing, development and investment. Strongmead Limited ("Strongmead"), an investment holding company, was Mr. Bray's original and equal partner in Signgate.

Signgate started in business as originator and manager of a variety of property transactions on behalf of and in partnership with Strongmead and other private financial companies none of which (so far as the Directors are aware) were related to the Group or to any present Director of the Group. Signgate has operated principally in the purchase and improvement of tenanted property with a view to re-sale to has operated principally in the purchase and improvement of chainted property. More recently it has acquired for re-sale a number of office and shop premises in the U.K. The partnership agreements provide for Signgate to participate in the sharing of profits, calculated either when the whole of the transaction has been completed or at the date of expiry of the agreement for those with a fixed term. Signgate also earns feet from time to time for the management of some of its joint venture projects. The Directors consider that the relationships with joint venture partners will not be impaired by the acquisition

In order to crystallise the profit sharing agreements, Signgate has, on occasion, bought, as principal, the remaining units in a project and thus has built up a portfolio of properties which it sells as principal, the remaining lettle in a project and thus also belt up a particular of project and offers are obtained. The portfolio of properties presently owned by Signgate is geographically widely spread throughout England and Sociland and consists of a number of small units, controlled and regulated tenancies, properties with vacant possession and let office and shop premises. The principal items comprise four blocks in London and the Home Counties, three of which are principally residential, where some of the individual units have been sold to sitting tenants and some are under negotiation. Some of the units sold with vacant possession are enlarged, others refurbished.

Mr. Bray's expense in these areas has been instrumental in generating the profits, the growth of which is shown in the Accountants' Report set out below. As the capital resources of Signgate have increased, both through retained profits and from bank borrowings, it is less reliant on profit participation from joint ventures and has become more of a principal acting in its own right. Joint ventures are expected. nowever, to remain a useful source of revenue as these enable Signgate to profit from a greater volume of business than its present resources allow.

When conditional contracts were exchanged for the acquisition of Signgate, its stock of properties was valued as a trading asset and details of the four principal properties are shown in the valuation of Ketth Lumley, A.R.I.C.S. below. At 31st December, 1979 Signgate had consolidated net assets of £210,000 and earned consolidated net profits before tax of £246,000 for the nine month period ended on that date.

Queens Gate, which has been acquired by Barker for £1 million, is a large residential block and has been valued on an open market basis (see below) at £990,000. The property consists of 44 individual self-contained furnished flats of varying sizes which are let on a day-to-day basis. Under present legislation, these lettings are terminable within a maximum period of four weeks and, therefore, provide the owner with the benefit of letting income without prejudicing the vacant possession status referred to in the valuation below. In addition, the vendor of Queens Gate has warranted to Barker that vacant possession can be obtained upon the giving of four weeks' notice to the tenant or occupier.

MANAGEMENT AND EMPLOYEES

(a) The Company
Mr. J. R. Bentley, who is aged 40, joined the Company on 2nd January, 1980 and is Chairman
Mr. J. R. Bentley, who is aged 40, joined the Company on 2nd January, 1980 and is Chairman Mr. J. R. Bentley, who is aged 40, joined the Company on 2nd January, 1930 and is Chairman and Managing Director of the Company. He is presently engaged full time in the business of the Group and intends to continue to be so engaged. He was formerly Chairman and/or Managing Director of a number of public companies including Barclay Securities Limited, a holding company Involved in the acquisition, financing and rationalisation of commercial businesses and in industrial, office and residential property transactions, from 1969 to 1973, Lion International Limited and Weston Pharmaceuticals Limited, and has been a director of a number of public companies since 1966. He is also a director of and substantial shareholder in John Baker (Insulation) Limited which currently owns 2,000,000 Ordinary Shares in the Company. (See paragraph 7 of Statutory and General Information below).

Mr. P. S. Jackson, who is aged 43, joined the Company in 1978 and is an executive Director of the Company with particular responsibility for the management of the existing divisions. He has a financial background as a Clearing Bank manager and a merchant banker, before becoming a business consultant and director of various and acceptance. and director of various companies.

Mr. A. T. Payne, F.C.A., who is aged 42, joined the Company in 1979 following a number of years in industry with major industrial and retail groups. He is responsible for the accounting and secretarial

Mr. R. A. W. Rudd, who is aged 56, joined the Company as a non-executive Director in November 1979. He is the senior partner of Rowe Rudd & Co., the Company's Stockbrokers.

The Group has approximately 130 employees.

Mr. Bray, who is aged 37, was joint founder of Signgate and has been Managing Director since shortly after its incorporation. He is a chartered surveyor and was formerly with Allsop 8 Co. and City Centre Proporties Limited before becoming Managing Director of Buckingham Properties Limited, a wholly owned subsidiary of Slater, Walker Securities Limited, in 1970. He has long experience in the wholly owned subsidiary of Slater, wasker Securines Limited, in 1870, he has long the property field and has two assistants, both of whom have more than tan years' experience in property matters, to assist him in his work of property dealing, investment and development. Mr. Bray will remain as Managing Director of Signgate and will continue to expand that company's property activities within as Managing Director of Signgate and will continue to expand that company's property activities within the Enlarged Group by service and management agreements outlined in paragraph 8 of Statutory and

Mr. J. R. Bentley has joined the Board of Signgate.

PROFITS AND ASSETS

A pro-forms statement of the consolidated net assets of the Enlarged Group, reflecting the dispose of Countess Road and the acquisitions of Signgate and Queens Gate, is set out below. The profits of Signgate for the four accounting periods ended 31st December, 1979 are also set out below in the accountants' report. The vendors of Signgate have warranted the net profits before tax of Signgate and its subsidiaries for the year to 31st December, 1980 at not less than £325,000. No estimate has been made for any contribution from Queens Gate.

The rationalisation and reorganisation of the Group mentioned earlier is now virtually complete. The Board is of the opinion that operating losses in all divisions have been finally eliminated but they do not consider it appropriate to make a profit forecast.

PROSPECTS AND FUTURE POLICY

The Board considers that the acquisitions of Signgate and Queens Gate will substantially improve the assets and earnings of the Group. Signgate is engaged in an area of the property market which, the Board anticipates, should bring about a high return on capital and will consequently improve the net asset base. The amount of equity capital being issued by the Company relative to the warranted profits of Signgate is considered favourable to the Group. Queens Gate is also expected to benefit the Group under

It is the intention of the Board to continue to strengthen the Enlarged Group by acquisition. Although the acquisitions of Signgate and Queens Gate are directed to the area of property dealing, development and investment, and the expertise of Signgate's management has been acquired to continue in this direction, the Board also intends to expand the Company's Industrial interests whenever profitable

VALUATION OF THE PROPERTIES OF SIGNGATE

The Directors,
The Tebbitt Group Limited,
Hambleton House,
17b Curzon Street,

London W1Y 7FE.

Dear Sire,

Signgate Properties Limited ("Signgate")

Following your request. I have now considered the portfolio of properties owned by the above company having ing terrures under which they are held and also the tens The porticito comprises residential houses and flats and various commercial properties, the four principal properties being described below. I have not had the opportunity of looking into the titles under which the properties are held and I have relied upon the information given to me by Signgate and which is stated against each property below. In respect of the recidential flats and houses, account has been taken of the rents received from Signgate's repair and to combine to wards service charges under the coverance of the leases held. No account has been taken of ground rents received by Signgate from long leasehold tenents as for the purposes of this valuation, their value is considered to be nominal.

Property	Description age and terriro	Terms of existing tenents' leases	annual rental belora tax	Valuation
Prince of Wales Drive, London S.W. 11	Purpose built block of mansion flets built at the tarm of the century. Signgate's interest in the Freshold seation comprises twelve flets, eight of which have six rooms, kitchen and bathroom, three have three rooms, kitchen and bathroom and one has two rooms, kitchen and bathroom. Signgate's interest in the Lessehold seation, for a term of 99 years from 25th March, 1892 at a fixed rent of 5550 per annum, comprises one two-room flat and seven five-room flats, all way is titchen and bathroom.	Two of the flats are vacant at present and the remaining ten are occupied on regulated tenancies. Seven of the flats are let on regulated tenancies and the remaining flat is occupied by the Casetaker.	≥ £5,9 00	£95,000
	Purpose built block of twelve flats (one of which was sold in July, 1979 and two of which were sold in July, 1960) comprising one room, kinchen and bathroom built in 1962 with three shops on the ground floor held on a 99 year lease from 10th February, 1962 at a rent of 6800 per annum subject to review of 21st, 42nd and 63nd years.	All three shops and eight of the flats are subject to tenancies at widely varying reats and one flat is vacant.	£4,975	£67,000
Rickmanswerth, Hentlordshing	Frechold building comprising two shops on the ground floor with office accommodation of approximately 2,075 square feet above.	The stops are let on full repairing and insuring leases at varying rents with terms expiring between 2000 and 2002 subject to 5 yearly reviews. The office accommodation is vecent.	£4,250	£150,600

In addition the perifosis of properties owned by Signgate comprises a number of smaller communical and residential properties and I consider that the value of the total portfolio, including those properties detailed above, is consistent with the present capital value in its additing state (inclusive of the net proceeds of sale of the two fists in Wilton Road Capot and of in January, 1980) and is fairly represented in the Consolidated Balance Sheet of Signgate and its subsidiaries as at 31st December, 1979 in the amount of £589,890.

Freehold block of purpose built flats

ershanged at £120,000.

KEITH LUMLEY, A.R.I.C.S.,

VALUATION OF QUEENS GATE

The following is a copy of the valuation of Aylesford and Company: 440 Kings Road, The Directors, The Tebbut Group Limited, London SW10 OLH. Hambleton House, 17b Cuzon Street, London WiY 7FE.

39 and 40 Queens Gate and 17 Elvaston Mews, London S.W.7

Acting on your instructions, we have carried out an inspection of the above-mentioned properties in order to ise you as to our opinion of the current open market value of the freehold interests. The buildings consist of two adjoining torraced properties converted and modernies into various units within the last twenty years. At present they comprise some 44 independent self-contained flats of varying sizes and accom-

The buildings have been used as furnished lotting units over the past few years and each flat is fairly standard in appearance offering, in many cases, internal cupboard kitchens, small self-contained butterous and in a few lustances, galletied sleeping or reception areas. Approximately 60 per cent of the accommodation comprises studie kitchen and buildroom apartments and approximately 40 per cent comprises two rooms, kitchen and buildroom apartments. At ground floor level modernisation work is currently in progress with new glass fire doors in the reception ration being carried out to the walls and common parts.

Subject to the minor medernisation and redecoration presently being certed out and to vacant poor of the whole being given, we are of the opinion that the value, including all fitted expote, custains and ideals is takly represented in the sum of £330,000.

Yours faithfully, G. Nati ARICS.

for and on behalf of AYLESFORD AND COMPANY

FINANCIAL INFORMATION RELATING TO THE GROUP

wing information relating to the Group for the five years ended 31st December, 1979 and the con solidated Profit and Loss Accounts.

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	Goodwill artsi Current Asse Stocks Deboors, less i Casti and ban Current List Creditors Second Debas Short term for	ng on acqui ets provision k balances littles three loan etern of cap	shions	divides	lds	man or ma		7	380 96 37 18	198 765	
	Goodwill arisi Current Assessocks Debtors, less p Caste and band Current Lists Creditors Second Debte Short term tog Rembers for n Bank ovenfreit	ng on acqui ets provision k balances littles three loan etern of cap	shions	divides	lds	A CONTRACTOR OF THE CONTRACTOR		7	380 38 37 18 38 1	198 765	
	Goodwill artsi Current Assessocks Debons, less p Casti and bank Current Hath Crachors Second Debas Short term los Members for n Bank overfrak Tanation	og on acqui ets provision k balances three loss one loss sure los sure los sure los sure los se sure los sure los se sure los se sure los se se se se se se se se se s	shions	divides	lds	Annual Property of the Control of th		7	380 38 37 18 38 1	1,060 1,825	
	Goodwill artsi Current Asse Stocks Debtons, less i Cash and ban Current Hab Cracitors Second Debte Short term both Resibers for n Bank overdraft Taxation Total Net Ass	og on acqui ets provision it belances the loan control cap to £358,00	shions	divides	lds			7	380 38 37 18 38 1	1,060 1,060 1,825	
	Goodwill artsi Current Assessocks Deboors, less p Casts and bank Courrent Lists Crecitors Second Debos Short term too Members for n Bank overdren Total Net Ass Franced by Issued Shares:	ng on acqui	shions	divides	lds	A CONTRACT OF THE CONTRACT OF		7	380 38 37 18 38 1	1,060 1,060 1,825	
	Goodwill artsi Current Asse Stocks Debtons, less i Cash and ban Current Lish Cracitors Second Debte Short term both Members for n Bank overdraft Taxation Total Net Ass Innanced bys Issued Shuren Share Preoritor	og on acqui ets provision k belances the loan chara of cap to (£358,00	shions	divides	lds	A CONTRACT OF THE CONTRACT OF		7	377 18 38 31 40 57	1,060 1,060 1,825	
	Goodwill artsi Current Assessories Debions, less p Casti and ban Current Lizh Cracitors Second Debies Short term for Resubess for n Bank overdret Total Net Ass Franced by Issued Share: Share Premius Reserves and (og on acqui ers rowsion k balances fittles dure loan estern of cap ts (£358.00	strons ital and 0 secure	divided	ids are a	The second secon		7	37 18 38 1 10 57	1,060 1,825 1,291	
	Goodwill arisi Current Assessories Debions, less i Cash and ban Current Hab Cracitors Second Debis Short term bon Resibers for n Bank overdraft Taxation Total Net Ass Financed bys Issued Shares Share Premius Resieres and (Convertible Un	og on acqui ets provision k belances the loan ets of cap to (£358,00	ishlons Tal and Security for Stock	divided	ids are a	A STATE OF THE STA		7	377 18 38 31 40 57	1,060 1,060 1,825 1,291 534	
	Goodwill artsi Current Assessories Debions, less p Casti and ban Current Lizh Cracitors Second Debies Short term for Resubess for n Bank overdret Total Net Ass Franced by Issued Share: Share Premius Reserves and (og on acqui ets provision k belances the loan ets of cap to (£358,00	ishlons Tal and Security for Stock	divided	ids are a			7	377 18 38 31 40 57	1,060 1,060 1,825 1,291 534	
	Goodwill arisi Current Assessories Debions, less i Cash and ban Current Hab Cracitors Second Debis Short term bon Resibers for n Bank overdraft Taxation Total Net Ass Financed bys Issued Shares Share Premius Resieres and (Convertible Un	og on acqui ets provision k belances the loan ets of cap to (£358,00	ishlons Tal and Security for Stock	divided	ids are a	The second secon		7	377 18 38 31 40 57	1,060 1,060 1,825 1,291 534	

anding policies described below in Part A of the Accountants' Report on Signgets ste, with the ris, with the effects as noted, the same as those presently adopted for Group accounts:

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(a) Goodwill arising on consolidation is not written off in the year of acquisition in Group accounts. The effect is an understatement of assets and seasons in the Signgate accounts by £14,000.

(b) Deterred textition is not provided in Group sectionnts to the extent of £142,750 at 31st December, 1979 by reason of Group losses and of this £22,850 is not covered by Group losses and represents a contingent

ACCOUNTANTS' REPORT ON SIGNGATE

The following is a copy of the report on Signgers received from the Company's reporting accountaints, Stoy Hayward & Co., Chartered Accountaints.—

SIGNGATE PROPERTIES LIMITED

We have examined the audited accounts of Signgate Properties Limited ("Signgate") and its wholly owned subsidiaries from the date of incorporation of Signgate and 23rd January, 1976 to 31st December, 1979. Signgate and its subsidiaries are together referred to as the "Signgate Group".

The information in this report is based upon the excited accounts of the Signgers Group (after making such jumments as we consider appropriate). The accounts have been prepared under the historical cost convention and accordance with the standards approved from time to time by the accountancy bodies. in our opinion the information-gives a true and fair view of the profits and source and application of funds of the Signgste Group from the 23rd January, 1976 to 31st December, 1979 and of the state of affairs of the Signgste Group at 31st December, 1979.

A. Accounting Policies The principal accounting policies which have been adopted in artifag at the financial information set out in

Turnover represents the total emotion receiveble by the Signigate Group in respect of property sales.

(b) Group accounts:

Group accounts consolidate the accounts of Signgers and of Forestpain, Limited from 1st
December, 1978 and of Pietedrine International Limited from 1st April, 1978 on which dates these
companies became subsidieries of Signgers. Goodwill arising on consolidation is written off in the year of
accountainting. made: (c) Property held for resele: Property held for recals is stated at the lower of cost and not realizable value.

(d) Depreciation:

Depreciation of fundame and fittings is calculated at 19% per assume in cost. Short less shold property is amortised in equal instalments over the period of the lesse.

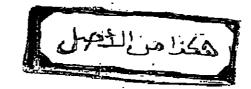
(e) Deferred transform:

Deferred transform:

Deferred transform represents a procision for corporation tax at 52% on:

(I) the excess ner book value of fixed assets over their constanting written down value for taxation (ii), speck appreciation railed claimed to date, less

(iii) the shiripeted benefit of advenoe composition tax on the proposed dividend.



Financial Times Monday June 30 1980 B. Profit and Loss Accounts The profit and loss accounts of the Signgets Group for the period from 23rd January, 1976 to 31st December, nonths to 31 st March Year to 31st March, 31st Dece 1978 1979 1979 £'000 £"000 €,000 84 Other inc 67 356 281 Share of joint venture profits 94 44 296 19 147 494 (347) (97) Depreciation Share of associated company profits (5) (8) (1) (3) nterest receivable 16 Profit before texation 36 (16) 5D (30) 147 248 --(130)69 (1) 20 — Minority interest 116 20 68 116 3 Extraordinary Items (nots 1) 84 119 Goodwill arising on consolidation write 119 (21) 20 70 Proposed dividend (note 2) Unapproprieted profit 98 Notes: 1. Extraordinary items NEW items represent : Year ended 31st March 1979 £'000 31 st Da €"000 Gain on disposal of business Attributable alters of associated company gain on disposal of fixed 12 Gain on sale of shares in associated company 16 3 Proposed dividend The dividend proposed for the nine months ended 31st December, 1978 is equal to £210 per ordinary share C.: Balance Sheets The following is a summary of the balance sheets of the Signgate Group and of Signgate at 31st December, 1979: Signgate Group £'000 £'0 € 000 £*000 £'000 Investment in Subsidiary (£147) ... rrenz assets Property held for resale 570 119 2 556 119 Bank balances and cash ... 691 675 Current liabilities 128 23 64 21 Creditors 127 18 64 21 Taxation -Bank overdrafts (secured) Proposed dividend 236 230 445 462 252 452 252 200 Share capital (£100) 200 210 200 Notes: Front assets are stated at cost less accu ion as fo Net Book Value £'000 £7000 2 7 2 Taxation Taxation has been provided after allowing for losses and group relief and rep Si Signgate Group £ 000 Signgete £'000 nce corporation tax on the proposed dividend (payable 14th April, Defend Taxation The deferred tax balance is made up as follows: £'000 Timing differences at 52% Stock appreciation relief 259 WYSDCSS .. . 4, 261 Deduct: advance corporation tex on proposed dividend 252 Authorized issued and fully peid 100 Ordinary Shares of £1 each 100 Signgate £°000 14 E.000 Gusta Capital reserve ansing on consolidation Unappropriated profit 2 208 186 210 200

PATE OF THE PERSON NAMED IN

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The source and application of funds state to 31st December, 1979 are as follows:		igate Group for ti	e period from 2	•
	Fourteen months to 31 st Merck, 1977 £'000	<i>Year to</i> 1978 - €000	31st March, 1979 £'000	. Nine months to 31st December 1979 £'000
Source of funds: Profit before texation Adjustments for items not involving the move- ment of funds:	36	50	147	a 248
Depreciation Loss on disposal of fixed assets Profit retained in associated company Minority interest in subsidiary company's	E	E	1 (2)	1 2 (1)
ntained profit on acquisition since acquisition				
Total generated from operations Funds from other sources:	36	50	163	248
Sale of flood assets Extraordinary item Sale of shares in associated company	=		19	36
Total Source of Funds	<u></u>	53	19	36 284
Application of Funds: Purchase of fixed assets Tax paid Purchase of sheres in associated company Purchase of goodwill in subsidiary company Perchase of additional shares in subsidiary	6 -	- 1 : =	5 20 14	5 27 —
company				6
	(6) 30	(1) 52	(39)	(38) 246
locresse/(Decresse) in Working Capital Property held for resels Debtors Creditors	45 58 (64)	181 9 (10)	138 (8) (109)	229 57 17
Movement in net tiquid funds :	38	160	2 1	303
Bank and cash balances Bank overdraft	(9)	(108)	58 54	(56) (1)
		(108) 52	112	(57) 246

Signigate proposed a dividend of £21,000 at 31st December, 1979 which has since been peid. No other tals have been paid or declared by Signgate during the period covered by this report or subsequent to 31st

F. Accounts There are no audited accounts subsequent to 31st December, 1979.

E. Dividends

Yours faithfully, STOY HAYWARD & CO.

PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

The following pro forms statement sets out the combined net assets of the Enlarged Group and is based on the audited consolidated accounts of Signgate at 31st December, 1979, as edjusted by Stoy Hayward & Co. for the purposes of their Accountants' Report, and of the Group at 31st December, 1979 adjusted in the manner set out below in the notes to railest the disposal of Countess Road and the acquisition of Signgate and Queens Gate by the

ind barker responsively.							6,000	6,000	£'000
Fixed Assets							2 000	- 300	T 000
Properties and equi	nment							704	
Goodwill arising on								787	
CONTABI SIBILITY OF	- erdec	3111011	••	••	•••	••			1,491
Current Assets									1,001
Stock and propertie	s held	for res	tala			٠	1,502		
Debtors, less provis							800		
Cash and bank hala			••	••			100		
Same and Carlo Date		••	••	••	••	••		2.502	
Current Liabilities									
Creditors							1,160		
Second debenture i			::	::	::		18		
Short term loans				••			38		
Members for return							7		
Bank overdrafts (£2					• ••	-:-	338		
Taxation	,00			-:-			106		
Proposed dividend	••	••	•••		••	••	21 .		
	••	••	••	••	••			1,681	-
Net Current Assets	••	••		••	••				821
Total Net Assets						·			2,312
_									. ====
Financed by:-									
issued shares								1,653	
Share premium								336	
Reserves/(deficits)		••			••			(736)	
									1.153
Deferred taxetion		•		••		••			252
Convertible Unsecured L	oan St	ock 1	183	••	••				240
Long term loans	••		••	••	••	••			667
									2,312

The above statement incorporates Queens Gate at cost, divided as to freehold reversion at £250,000 shown under Fixed Assets and lessehold interest at £750,000 included in stock and properties held for resale.

The £650,000 mortgage loan obtained upon acquisition is included in long term loans. The above statem

(a) The net proceeds of £185,000 srising from the disposal of Countess Road equals book value and fixed assets and bank overdrafts have been reduced by this amount.

(b) Provision has been made for estimated taxation of £25,000 psysble as a result of the disposal of Countess Road with a similar increase in deficits.

(c) Building costs incurred concurrent with the sale and lesseback of Countess Road have been provided at £45,000 giving an increase in creditors and fixed assets by this amount.

Provision of £150,000 has been made for estimated costs of acquisitions and costs incurred in

Share premium account has been credited with £457,000 premium on shares to be issued and reduced by costs of £150,000 as mentioned in 3 above.

No adjustments have been made for profits or losses accruing since 31st December, 1979.

STATUTORY AND GENERAL INFORMATION

1. Share and Loan Capital

(a) The Group

There have been the following changes in the authorised and issued share capital of the companies in the Group we years prior to the date of issue of this document:—

(i) On 26th January, 1979 the authorised share capital of the Company was increased from £1,100,000 to £1,350,000 by the creation of 2,500,000 Ordinary Shares of 10p each.

(II) On 30th January, 1979 2.400,000 Ordinary Shares of 10p each of the Company were issued in part satisfaction of the consideration psyable for the acquisition by the Company of Safecastle Limited (which has one subsidiary Hayman Construction Limited).
 (III) On 24th July, 1979 720 Ordinary Shares of 10p each of the Company were issued on the conversion of

(iii) On 24th July, 1979 720 Ordinary Shares of 10p each of the Company were issued on the conversion of £108 nominal of the Loan Stock.

(iv) On 25th June, 1980 the authorised share capital of the Company was increased from £1,350,000 to £2,000,000 by the creation of a further 5,500,000 Ordinary Shares of 10p each.

Under the terms of the Signgate Agreement, which are detailed in paragraph 10 below, 3,986,929 Ordinary Shares of 10p each in the Company Iall to be issued to the vendors of Signgate in satisfaction of the initial instalment of the purchase consideration of which 2,222,223 such Ordinary Shares are to be placed pursuant to the agreement referred to in paragraph 3 below.

Under the terms of the Queens Gate Agreement, which are detailed in paragraph 17 below, 1,944,445 Ordinary Shares of 10p each in the Company fall to be issued to the vendor of Queens Gate in part satisfaction of the purchase consideration, all of which are to be placed pursuant to the agreement referred to in paragraph 3 below.

Following completion of the acquisitions of Signgate and Queens Gate and the issue of 5,931,374 Ordinary Shares of the Company pursuant thereto 4,457,906 Ordinary Shares of 10p each will remein unissued (22,34%) of which a maximum of 1,370,811 such Ordinary Shares in connection with the exercise of the conversion rights no further issue of Ordinary Shares in connection with the exercise of the conversion rights no further issue of Ordinary Shares in connection with the exercise of the conversion rights no further issue of Ordinary Shares in connection with the exercise of the conversion rights no further issue and its subsidiaries

Signgate was incorporated on 23rd January, 1976 with an authorised and issued share capital of £100 divided into 100 Ordinary Shares of £1 each. On 25th June, 1980 the authorised share capital was increased to £110 by the creation of 10 additional Ordinary Shares of £1 each which were issued to the vendors of Signgate and the sxisting 100 Ordinary Shares were converted into a like number of 1 per cent. Non-Cumulative Non-Participating existing 100 Ordinary Shares were converted into a like number of 1 per cent. Non-cumulative ruon-natural patents of £1 each.

Forestpalm Limited was incorporated on 24th February, 1978 with an authorised and issued share capital of £100 divided into 100 Ordinary Shares of £1 each all of which are now beneficially owned by Signgate.

Platedrive International Limited was incorporated on 11th March, 1974 with an issued share capital of £2 divided into two Ordinary Shares of £1 each both of which are now beneficially owned by Forestpalm Limited.

(c) The Enlarged Group

No member of the Enlarged Group, other than the Company, has any loan capital outstanding. Save as otherwise herein in the two prior years to the date of issue of this document:—

(i) No share or loan capital of any member of the Enlarged Group has been issued either for cash or for a consideration other than cash;

(ii) No share or loan capital of any member of the Enlarged Group is now proposed to be issued or is under or agreed conditionally or unconditionally to be put under option;

(iii) No completional discounts brokerages, or other special terms have been granted by any member of the

No commissions, discounts, brokerages, or other special terms have been granted by any member of the Enlarged Group in connection with the issue or sele of any part of its share or loan capital.

2. Particulars of the Loan Stock

The Loan Stock, which is unsecured, carries interest at the rate of 15 per cent, per annum payable helf-yearly on the Loan Stock is redeemable on 31st December, 1983 and Stockholder, have the The Loan Stock, which is unsecured, carries interest at the rate of 15 per cent, per annum psyable helf-yearly on 30th June and 31st December. The Loan Stock is redeemable on 31st December, 1983 and Stockholders, have the right to convert into Ordinary Shares during the period 30th May to 30th June and 1st November to 30th November 1980 at the rate of 10p nominal of ordinary share capital for every 17-5p nominal of Loan Stock converted and during the period 15th May to 15th June 1981 at the rate of 10p nominal of ordinary share capital for every 20p nominal of Loan Stock converted.

3. The Placing Agreement

Singer & Friedlander Limited, by an agreement referred to in paragraph 9 (f) below, has agreed to purchase 2,222,223 Ordinary Shares of 10p each of the Company from the vendors of Signgate and 1,944,445 such Ordinary Shares from the vendor of Queens Gate, in each case at 18p per share, which will then be placed at 18½ per share. The placing agreement is conditional upon the Council of The Stock Exchange granting a listing for the whole of the share capital of the Company issued and to be issued. The agreement size provides, inter alia, that the Company will pay the costs and expenses of and incidental to the application for a listing of the whole of the share capital of the Company issued and now to be issued, the accountancy and legal fees, the cost of printing and publishing these particulars, the capital duty on the increase in the share capital of the Company and all other costs and expenses, including a fee to Singer & Friedlander Limited. The total costs payable by the Company are estimated to amount to £150,000 exclusive of VAT.

4. Articles of Association

The Articles of Association of the Company contain, inter alia, provisions to the following effect:—

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held, at any General Meeting on a show of hands every Member who (being an individual) is present in person or (being a corporation) is represented by a duly authorised representative shall have one vote, and on a poll every Member who is present in person or by proxy shall have one vote for every share of which he is the holder.

(a) A Director shall not be required to hold any qualification shares.

(b) Each of the Directors, other than the Chairman of the Board, shall be entitled to remuneration at the rate of £350 per annum and the Chairman shall be entitled to remuneration at the rate of £500 per annum. The Directors shall also be entitled to be repaid their travelling, hotel and other expenses of attending and returning from meetings of the Board or committees of the Board or General Meetings or otherwise propedy incurred while engaged on the

of the Board or committees of the Board of General Meetings of otherwise properly incurred while engaged on the business of the Company.

(c) Any Director who is appointed to any executive office or who serves on any committee or who otherwise performs services which in the opinion of the Board are outside the scope of the ordinary duries of a Director may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.

(d) A Director may hold any other office or place of profit under the Company (except that of Auditor) in conjunction with his office of Director.

(a) No Director shall be disqualified by his office from contracting with or being interested in any contract with the Company, nor shall any Director so contracting or being so interested be liable to the Company for any profit realised by any such contract or arrangement provided that a Director who is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall have declared the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if his interest then axists, or in any other case at the first meeting of the Board after he ation, if his interest then axists, or in any other case at the first meeting of the Board after he

(f) A Director shall not vote in respect of any contract or arrangement in which he is also interested and if he vote it shall not be counted.

(g) A Director shall be entitled to vote in respect of any Resolution concerning any of the following matters

(i) any arrangement for giving a Director security for advances or by way of indemnity;
(ii) any contract for the allotment to or any contract or arrangement for the underwriting or subscription by a Director of shares or debentures of the Company;
(iii) any arrangement for the payment by the Company of any pension or other reffrement, superannuation, death or disability benefits to or to any person in respect of any Director or ex Director and for the purposes of providing any such pensions or other benefits to contribute to any scheme or fund or new terminus. DBY Premiums.

(h) There is no compulsory retirement age for Directors and a Managing or Executive Director shall not be to retirement by rotation while he continues to hold that office.

The Directors may borrow or raise from time to time such sums of money as they think necessary for the purposes of the Company. The aggregate amount at any one time owing by the Enlarged Group in respect of money borrowed by all the members of the Enlarged Group (acclusive of intra-group borrowings) shall not at any time, without the previous sanction of the Company in General Meeting, exceed a sum equal to the greater of £1,000,000 or five times the aggregate of the amount paid up on the issued share capital of the Company, the amount paid up on any issued irredeemable loan capital of the Company and the amount standing to the credit of the reserves of the Enlarged Group, all as shown by the latest sudited consolidated Balance Sheet of the Enlarged Group but adjusted to reflect any variations since the date of such Balance Sheet in the amounts of such paid-up share capital and reserves and to exclude any sums sat aside for taxetion, amounts attributable to minority interests in subsidiaries, any amount attributable to groodwill and any debit balance on penfit and loss account. able to goodwill and any debit balance on profit and loss account.

5. Subsidiary Companies

The Company has the following subsidiaries, none of whose shares is listed on any Stock Exchange and all

Name _		Place and Date of Incorporation	isqued Share Capital (£)	General Nature of business
Tebbitt Group Exports Limited		England, 28th May, 1970	100	Dormant
George Barker & Company Limited .		England, 22nd November, 1907	34,751 ·	Property investment
Tebbint Flexible Packaging Limited	••	England, 30th October, 1953	63,500	Paper packaging merchants
The Dalksith Leather Company (Ketter	K-	·		
ing) Limited	••	England, 18th March, 1935	9.526	Dormant -
Silvester Munt Limited		England, 1st December, 1950	36,000	Processing, finishing & merchanting of leather
Northampton Tanning Company Limits	ed .	England, 25th November, 1937	715	Dormant
Tape Projects Limited Self-Seal Tape Company Limited	••	England, 15th June, 1977 England, 6th November, 1967	100 20,000) Manufacture of self adhe sive packaging products
Warrange Land Landson	:	England, 23rd January, 1976 England, 24th February, 1976	110 100	Property dealing
Platedrive International Limited		England, 11th March, 1974	2	Dormant
Sefecastle Limited		England, 6th June, 1973	3,320	Holding company
Heyman Construction Limited	••	England, 9th April, 1948	10,000	Structural steelwork and fabrication
The Tebbitt Pension Tritstaes Limited .		England, 16th June, 1971	2 `	Domant

6. Promiese

The following ere the principal properties occupied by the Group all of which are less shold.

•	Address	Occupier	Approx. Aree	Rept	Review	Expiration
	Cobbs Wood Industrie! Estate, Ashford, Kent	Hayman Construction Ltd.	2.66 acres	£24,000 p.s.	5 yr (next Dec. 1983)	2001
	Cobbs Wood Industrial Estate, Ashlard, Kent	Hayman Communication Ltd.	(Factory 32,000 sq.ft.) Warehouse 20,000 sq.ft.	£22,000 p.a.	5 yr (next Sept. 1981)	2001
	2 5-4 Avan Trading Estate, London W/1 4	Self-Seel Tage Co. Ltd.	20,000 sq. n. 10,565 sq. ft.	€9,265 p.a.	-	Expired. This lease is to be seen experience with new
	Ward Road, Biatchley, Milton Keynes	Tape Projects Ltd.	10.000 sq. ft.	£10,873 p.a.	3 yr (next Sept. 1978)	iendlords 1996
		Silverter Munt Ltd. Tebbitt Flexible Packaging Ltd.	4,760 sq. ft.	£7,516 p.a.	5 yr (пеж Маг. 1984)	2004
	Courtess Road, Northernoson	The Company	1 acre site Festory area 45,000 sq. fr. gross.	£30,000 p.a.	4 yı (next Mar. 1984)	2003
	Hembleton House, 176 Curzon Street,	The Company	567 sq. ft.	£5,402 p.a,	-	1961

7. Directors' and other interests

The interests of the Directors of the Company, including family interests, in the issued ordinary share capital san Stock of the Company as shown in the registers maintained under the provisions of the Companies Act 1967,

ch are beneficial, are as follows:—									
Cu dis Dalskaciai's	TO DE I	OUGW						Number of Shares	Loen Stock
J. R. Bentley						.,		2,000,000	_
P. S. Jackson						••	••	40,000	_
A.T. Payne								50,000	_
R. A. W. Rudd								5,000	£2,000

Under the terms of the Signgate Agreement Mr. C. T. Bray, one of the vendors of Signgate, becomes entitled to receive 882,353 Ordinary Shares of 10p each in the Company in part satisfaction of the purchase consideration due to him thereunder. Pursuant to an option agreement between Mr. Bentley and Mr. Bray dated 10th April, 1980, Mr. Bray has granted Mr. Bentley a call option over 25,000 of such shares and Mr. Bray has a put option on Mr. Bentley in respect of 50,000 of such shares, The option price is 17p per share and either option is only capable of such shares. exercise during the six month period commencing with the date of completion of the acquisition of Signgate provided that if the put option is first exercised the call option shall not thereafter be exercisable and similarly if the call option is first exercised the put option shall not thereafter be exercisable.

Mr. J. R. Bentley is a director of John Baker (Insulation) Limited which beneficially owns the 2,000,000 Ordinary Shares of 10p each of the Company (being 12:9% of the enlarged issued share capital of the Company) which are referred to against Mr. J. R. Bentley's name above. John Baker (Insulation) Limited is currently negotiating a substantial potential acquisition with a third party which, subject to Baker shareholders' approval, may result in the sale of its shareholding in the Company to Mr J. R. Bentley. Mr. Bentley would propose to retain these shares as an

No Director of the Company has any interest, direct or indirect, in any assets (other than Company cars) which, in the two years prior to the date of issue of this document, have been or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group and no Director has any material interest in any contract or arrangement entered into by the Enlarged Group which is significant in relation to the business of the Enlarged

Mr. R. A. W. Rudd is a partner in Rows Rudd & Co., the Company's Stockbrokers, which will be receiving n with the placing.

Save for the interests of John Baker (Insulation) Limited, of Mr. C. T. Bray in 882,353 Ordinary Shares (5-7%) and of Henry Street Investments Limited in 882,353 Ordinary Shares (5-7%), the Company is not aware of any person having an interest in 5 per cent. or more of the share capital of the Company issued or to be issued.

The aggregate amoluments of the then Directors of the Company for its financial year ended 31st Decamber, 1979 were 668,152 and the estimated aggregate emoluments of the present Directors of the Company for its financial year ending 31st December, 1980, are £48,050.

8. Service Contracts

No Director of the Company has a service agreement with any member of the Enlarged Group which is not minable without payment of compansation within one year. The following two year Service and Management agreements have been entered into and are to take effect

(a) An agreement dated 25th June, 1980 between Signgate (I) and Starend Limited (ii) whereunder Starend Limited will manage Signgate's property portfolio and make the services of Mr. C. T. Bray available to Signgate in this connection for a fee at the annual rate of £17,500 until 31st December, 1980 and thereafter at the rate of £20,000.

(b) An agreement dated 25th June, 1980 between the Company (i) and Mr. C. T. Bray (ii) whereunder Mr. Bray will manage the Enlarged Group's property portfolio in return for a fee of £2,500 per annum together with such additional remuneration and the right to participate in any profits realised by the Company from transactions introduced by Mr. Bray, in each case, as the parties may agree.

Material Contracts

Save for contracts in the ordinary course of business, the following contracts have been entered into by members of the Enlarged Group within the two years immediately preceding the date hereof and are or may be material: (a) Agreement dated 29th December, 1978 and made between Mr. M. A. C. Buckley (i) and the Company (ii) under which the Company agreed to acquire the whole of the issued share capital of Safecastle Umited for a consideration of £344,720 of which £104,720 was paid in cash and the balance by the issue of 2,400,000 Ordinary Shares of 10p each which were placed by the Company's Stockbrokers.

Agreement dated 29th December, 1978 between Mr. M. A. C. Buckley (i) Dr. H. Fletcher, Mr. M. F. Briggs, Mr. R. J. Knight and Mr. P. S. Jackson (the then Directors of the Company) (ii) the Company (iii) and Rowe Rudd & Co. Limited (iv) under which Rowe Rudd & Co., Limited agreed to place the 2,400,000 Ordinary Shares of 10p each in the Company for a fee of £2,250.

Agreement dated 6th September, 1978 between the Company (i) and Keydon Estates Limited (ii) under which the Company agreed to sell 207/217 Pentonville Road, N1 and 6 Lorenzo Street, N1 for a consideration of £80,000 in cash together with a further agreement of the same date and made between the Company (i) Keydon Estates Limited (ii) and Ebury Moreton Limited (ii) providing for the payment to the Company of additional consideration not exceeding £42,000 on the grant of planning permission and a 10 per cent. participation in the net profit (if any) arising on the sale of the properties following completion of the development

prement dated 10th April, 1980 between Area Managements (London) Limited (i) and the Company) and a replacement Agreement dated 23rd May, 1980 between Area Managements (London) Limited Barker (ii) and the Company (iii) (being the Queens Gate Agreement).

Agreement dated 10th April, 1980 between Mr. C. T. Bray and Henry Street Investments Limited (i) Mr. C. T. Bray and Mr. P. A. F. Greaves (ii) Strongmead Limited (iii) and the Company (iv) (being the

Agreement dated 30th May, 1980 between Mr. C. T. Bray and Henry Street Investments Limited (i) Area Managements (London) Limited (ii) the Company (iii) the Directors of the Company (iv) and Singer & Friedlander Limited (v) whereby Singer & Friedlander Limited agreed conditionally to purchase an aggregate of 4,166,668 Ordinary Shares of 10p each of the Company from the parties of the first and and part (being the placing agreement referred to in paragraph 3 above).

(g) Agreement deted 20th February, 1980 between Barker (i) and Chera Holdings Limited (ii) whereunder Barker agreed to enter into a sale of the land and freshold factory built thereon and situate in Countess Road, Northempton, for £170,000 in cash (being the Countess Road Agreement).

(h) Lesse dated 13th June, 1980 between Barker (i) and the Company (ii) entered into pursuant to the Countess Road Agreement.

(i) The Service and Management agreements referred to in paragraph 8 above.

10. Terms of the Signgate Agreement

Under the Signgste Agreement the Company has agreed to sequire the whole of the issued and allotted share tail of Signgste for £800,000 subject to a repayment or reduction of £1 for each £1 by which the audited not its before tax of Signgste and its subsidiaries for the year ending 31st December, 1980 are less than £325,000.

The consideration is payable as to £700,000 on completion and as to the balance, which is payable in cash, on the later of the first anniversary of completion or the production of the audited accounts of Signgete for the year ending 31st December, 1980 together with interest thereon (calculated from the first anniversary of completion) on such £100,000 at 3 per cent. over the base rate of National Westminster Bank Limited it payment is due in full and is nade later than the first anniversary of completion. Payment of such belance is secured by an equite stages of Strangete being acquired

Of the £700,000 payable on completion £300,000 is to be satisfied by the Issue to each of the two vendors of 882,353 Ordinary Shares of 10p each of the Company and the remaining £400,000 is to be satisfied by the allotment to the vendors of an aggregate 2,222,223 Ordinary Shares of 10p each in the Company which will then be acquired from them by Singer & Friedlander Limited at 18p per share (free of commission or other expenses) and will be placed. All the 3,986,929 Ordinary Shares of 10p each in the capital of the Company to be issued by way of part eration for the acquisition will, as from their date of issue, rank pari passu in all respects with the remaining

Mr. C. T. Bray, one of the vendors of Signgate, has agreed, subject to the exercise of the option arrangements referred to under paragraph 7 above to retain the 882,353 Ordinary Shares in the Company issued to him for a period of 12 months from completion and thereafter only to dispose of all or any of them after having made the same available

The Signgete Agreement contains an indemnity against taxation and normal warranties by the vendors in relation to the accounts, business and affairs of Signgate. Strongmead Limited has guaranteed the obligations of Henry Street Investments Limited under the Signgate Agreement.

11. Terms of the Queens Gate Agreement

Under the Queens Gata Agraement, Barker has agreed to acquire the leasehold and freehold reversions of the openies situate at 39/40 Queens Gate and 17 Elvaston Mews, London SW7, for £1,000,000.

£660,000 of the purchase price is to be left outstanding for two years from completion at an interest rate of 20 per cent, per annum reducing to 15 per cent. In the event of punctual payment, secured by a first legal charge on Queens Gate and guaranteed by the Company. The remelning £350,000, which is payable on completion, is to be satisfied by the eliotment to the vendor of 1,944,445 Ordinary Shares of 10p each of the Company which will then be acquired from it by Singer & Friedlander Limited at 18p per share (free of commission or other expenses) and will

In the event of a sale of any of the units in Queens Gate within two years of completion the principal amo mortgage is to be reduced by an amount equivalent to the higher of £18,000 or 70 per cant. of the net proce

The 1,944,445 Ordinary Shares of 10p each in the capital of the Company to be issued by way of part con-ion for the acquisition, will, as from their date of issue, rank pari passu in all respects with the remaining Ordinary

Interest on £950,000 of the purchase price is psyable at the rate of 20% per annum for the period from 22nd May, 1980 until completion, save that the agreement shall lapse and Barker will forfelt its deposit of £50,000 if it is not completed before 10th July, 1980.

The Directors are satisfied that, after taking into account existing cash resources and bank facilities, the Enlarged has sufficient working capital for its present requirements.

(a) Claims aggregating £31.000 have been made against cartain members of the Group but no provision for these amounts has been made in the accounts of the Group for the year ended 31st December, 1979 as, based on advice received, the Directors are of the opinion that no liability will ensue. Save as aforesaid, and so far as the Directors are aware, no member of the Enlarged Group is engaged in any litigation or has any claim of material importance providing the provided against in. (b) Stoy Hayward & Co. have given and have not withdrawn their written consent to the issue of this docu-rith the inclusion of their report, and the references thereto, in the form and context in which they are included.

(c) Keith Lumley A.R.I.C.S. and Aylesford and Company have given and have not withdrawn their written nts to the issue of this document with the inclusion of their respective valuations, and the references thereto, in the form and context in which they appear.

(d) A Certificate of Exemption under S.39 of the Companies Act 1848 has been granted by the Council of ack Exchange whereby the Company is exempted from compliance with the requirements of the Fourth Schedule of the said Act.

(a) The documents attached to the copies of this document and delivered to the Registrar of Companies for

(i) the written consents referred to in sub-paragraphs (b) and (c) above;
 (ii) the statement of adjustments of Stoy Hayward & Co. setting out the adjustments made in arriving at the figures contained in their report and giving their reasons therefor;
 (iii) copies of the material contracts referred to in paragraph 9 above; and
 (iv) copies of the placing letter and form of acceptance.

(f) Save as disclosed herein, there have been no material changes in the financial and trading position of the Enlarged Group, other than in the ordinary course of business, since 31st December, 1979, the date to which the latest published audited consolidated accounts of the Group and of Signgate and its subsidiaries were made up.

14. Documents Available for Inspection

Copies of the following documents are available for inspection at the offices of Clifford-Turner, Blackfrians
House, 19 New Bridge Street, London ECAV 6BY during normal business hours on any weekday (Saturdays and Bank Holidays excepted) for a period of 14 days following the date of this document:-

(i) the Memorandum and Articles of Association of the Company, Barker and Signgate;
(ii) the audited consolidated accounts of the Company for its two linancial years ended 31st December, 1979;
(iii) the audited consolidated accounts of Signgate for the year to 31st Merch, 1979 and the nine months to

31st December, 1979;

31st December, 1979;
(iv) the material contracts referred to in paragraph 9 above;
(v) the report of Stoy Hayward & Co. together with the written statement of adjustments made by them in arriving at the figures shown in their Report and their written consent referred to above;
(vi) the Valuations of Keith Lumley A.R.I.C.S. and Aylesford and Company together with their written consents

(vii) the Trust Deed dated 8th May, 1978 creating the Loan Stock, the letter dated 2nd October, 1978 from The Law Debenture Corporation, Limited to the Company and the original guaranteeing subsidiaries, the First Supplemental Trust Deed dated 15th May, 1979 and the proposed Second Supplemental Trust

Deed (which is subject to modification). 26th June, 1980.

Building and Civil Engineering

£24m sugar factory for Sri Lanka

tract worth approximately expansion to 2,000 tons cane per met by a loan from the Asian £700,000 with the Sri Lanka day, together with the develop- Development Bank. Suga Corporation (SLSC) for ment of the associated agriculconsultancy services relating to tural and infrastructural works. the preparation of the outline

struction of a new 1,200 tons expected to cost approximately for the sugar factory. It will corporation.

The overall project, including designs, equipment specifica-

The project involves the con- the consultancy services, is tions and tender documentation

TATE & LYLE Technical Ser- cane per day sugar factory and £24m and the major part of the subsequently be involved in In Guyana, on the Iturbisi vices (TLTS) has signed a con- distillery and its subsequent foreign exchange costs are to be assisting the Sri Lanka Sugar River. Esequibo District, the TLTS will be responsible for

Corporation with the adjudication of tenders, contract negotiations and supervision of factory construction. TLTS will also be supplying civil/irrigation, cane agricultural and agricultural engineering inputs to assist the

Tradition in £40m desert centre

SAUDI ARABIA'S Ministry of Sir M. MacDonald and Partners, rently under construction. Agriculture and Water has of Cambridge, the consulting The design of the v announced that a construction engineers for the project, contract worth approximately The village, for almost 1,000 Ssangyong Construction Com-pany of Korea for the construc-new water treatment plant. The tion of Wasia village, 60 miles. east of Riyadh, capital of Saudi 185 flats, two schools, 14 shops,

Arabia. The designs for this completely new, self-sufficient facilities. The village is part of human settlement on an isolated the very large Riyadh Addidesert site have been prepared tional Water Supply Project, centre. Vehicular and pedesby Stephen Yakeley, architect to other phases of which are curtrian circulation is strictly ment and operational policy.

house operational staff and their families for a

village comprises 268 houses, a mosque, clinic, recreation centre and other communal

The, design of the village differs from western design projects in the Islamic world in that it follows the form of traditional Arab villages with build-ings designed to reduce heat gain and to give protection from the wind and sun. Narrow,

shaded streets weave through tightly-knit housing leading to open spaces in the village

The scope of the work carried out was comprehensive in that the consultants were given responsibility for all of the design work from originating the detailed brief through establishing a development plan, preparing architectural and engineering contract documents, preparing interior designs and selecting furniture and equipment and formulating a settle-

Trocadero project awarded to Bovis

WITH AN estimated cost of rebuild and refurbishment work shopping on a series of malls. £16m a novel retail and enterwith the majority of facades and arcades linking the streets
which frame the site. The tainment complex, first of its retained. kind in the UK, is to be built by Bovis on the Trocadero site in London for Electricity Supply Nominees, the pension fund of

the electricity supply industry. While details of the entertainment content have yet to be finalised, Bovis has already started demolition work on the two-acre site which is bounded by Coventry Street, Shaftesbury Avenue, Rupert Street and Great Windmill Street. The contract will be a mixture of

storeys high and two further of entertainments, restaurants floors below ground level. The and shopping, with the focal lower ground floor houses the point of the complex being a Bovis in 1977—and will include restaurants and shopping, together with an underground pedestrian link via the London Pavilion to the Piccadilly underground station concourse. The sub-basement level will house kitchen areas and plant rooms. insitu reinforced concrete frame

The complex will stand six-

The ground floor will provide from sub-structure to ground

upper floors will have a mixture London Experience—built by central atrium forming a covered public area at lower ground floor level with access by way of glass-sided lifts and escalators to the upper floors.

Construction of the complex will, in the main, comprise

floor level, above which the building will be steel framed with precast concrete infill plank floors and insitu concrete cast beams, columns, staircases and lift cores. The structure will sit on reinforced concrete foundations on approximately 200 750 mm in diameter, approximately 25 metres long and designed to a load of 1,500 kn.

Architects are Fitzroy Robinson and Partners: Structural Engineers Ove Arup and Partners and quantity surveyors Gardiner and Theobald.

Cartwright companies get work worth £7.8m

ling over £7.6m have been awarded to divisions of Joseph

Construction has a £1.5m job small works department has for the BBC (£98,000). from London and Manchester started work on the historical Civil Engineering wo Properties Ltd to carry out house at Corsham Court, Cor- to be started by Davies, refurbishment works to exist sham, Wiltshire, where under Middleton and Davies in ing offices and warehouses and the contract for £192,000 for Wales include a link road the Gelderd Trading Estate in

Under two contracts for the Bradford Metropolitan District Council valued at £2.5m and £250.000 the company is to construct 137 dwellings at Manningham and refurbish 21 dwellings at Wilsden, both in Bradford, Seven small industrial units costing £250,000 are to be constructed at Todmorden for the Calderdale Metro-politan Borough Council and the onnversion of seven Victorian houses into nine homes is to be corried out under a £100,060 with the Leeds Federated Housing Association In the South, Hayward &

Wooster Ltd is to construct 94 houses in Oakley, near Basing-

RECENT new contracts total- stoke for the Downland Hous- out general ing Society (£1.146m) and a works and re-roofing. Work is (£567.000) and industrial access flats complex for the elderly in also commencing on a new Cardiff for the Corland Housing building and alterations at the In the north, J. Cartwright Association (£610,000). The Clevedon Transmitter Station

to construct new warehouses on Avon County they are to carry and improvements to the A470 maintenance shed.

road at Blaengwynfi for West Glamorgan County Council (£238,000). Work recently began on a £230,000 contract for Civil Engineering works soon British Railways which provides for the renovation of an existing warehouse and its conversion

refurbishment for Powys County Council

Laing starts on a big Ferranti job

Cymbran, Gwent, is being built and will provide a gross floor under a £1.3m contract. by the South West Region of area of about 83,000 sq ft. Work has just started and John Laing Construction under Cladding will be of facing over the next 17 months will a contract worth about £3.5m. brick and blockwork inner leaf involve the construction of a The block forms the first phase of the £15m redevelopment of the former brickworks and block and heating will be pro- a two-storey processing block tion of a reinforced concrete quarry site at Ty-Coch, vided by a heat recovery including offices, plus convert covered reservoir with associated and processing by Forgantia action in Vorsatoms and processing block tion of a reinforced concrete quarry site at Ty-Coch, vided by a heat recovery including offices, plus converting in Vorsatoms and place of the proquarry site : Ty-Coch, Cwmbran, by Ferranti acting in

association with the Cwmbran Development Corporation. To be built around a central 1981. landscaped courtyard, the block

A THREE-STOREY main office will be of reinforced concrete and storage facilities at Bass block for the new Ferranti Com- frame with troughed concrete Ireland's Ulster Brewery are to Systems complex at suspended floor and roof slabs, be extended and improved and full air conditioning will

Versatemp system.

new warehouse, bottling hall is worth £300,000 and is for the provided throughout the and crate sorting building, with detailed design and construc-Work has just started and sion of an existing bottling hall clated earthworks and pipework is due for completion by October to form warehousing. This will Over in Belfast beer bottling of extra space for the brewery.

irrigation projects

ANNOUNCED this morning at irrigation contracts in Guyana and Ghana, each amounting to around £5m.

company will construct a big earth-filled dam as the centre of a 15 square mile intensive rice-growing area. This will cost Guy \$26.5m (£5m) and is being constructed for the Ministry of Agriculture, Hydraulics Divi-

Sir William Halcrow and Partners are the consultants.

For Ghana, a similar dam is to be built across the Bontanga River in the north of the country. This river is dry for nine months of the year and the dam is intended to store rainy season flows to provide yearround irrigation.

This project is estimated to

Norwest Holst takes over £4m

INCLUDED IN contracts totalling £4.23m awarded to Norwest Holst are four contracts together worth £3.43m which have been won by the company's Scottish division.

A. G. Barr and Co., of Glasgow has placed a £1.28m job for the erection of a factory and ancillary offices at Wishaw, Lanarkshire, to be constructed in structural steel with facing brick panels and aluminium

The Strathclyde Regional Council has awarded an £896,000 contract for refacing part of the upstream face of the Daer reservoir (also in Lanarkshire) with over 3,000 precast concrete slabs to a depth of about 42 metres below the top water

Littlewoods Organisation has awarded a £1.4m contract for fitting out a new single storey extension at the rear of its High Street store in Kirkaldy, and the Scottish Division of British Steel Corporation has placed a £117,883 contract for the construction of a 10 metre high, rectangular 1.6 x 14 metre reinforced concrete, forced draught water cooling tower at Ravenscraig.

In the south, the company has been awarded a £im contract by Rugby Portland Cement Company for the construction of a cement storage distribution Norwest Southampton, and Holst mechanical installation from Davy McKee (Minerals and Metals) for making the final changeover package cyclone system to a method at Bertinck Colliery.

Last contract just announced Weston-super-Mare to be carprovide more than 25,000 sq ft ried out by member company

Two major Italian aid to map Mozambique

Group, has signed an agreement Zambezia and Nampula regions. with the National Geology Work is expected to start at the Royal Show, Stoneleigh, by Department of the Popular Taylor Woodrow are two large Republic of Mozambique covering geological mapping and detailed geochemical investigation studies for an area of 48,000 sq km.

The contract will cover, in detail, geological mapping drawn to scale 1:50,000 with the geochemical analysis of flood sedimentation over an area of 19,000 sq km, as well as geochemical surveys in docu-. 1:250,000 over an additional project in the Inambane region.

AQUATER, a company of ENI area of 29,000 sq km in the once and to have a duration of three years.

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to build

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& WAREHOUSES

CRENDON CONCRETE CO. LTD

Long Crendon Bucks.

Tet: 208481

£4m store

and pool

by Costain Construction.

then start

tion system.

by Costain

TESCO is to have a superstore

at Bursledon Towers, Hamble

Lane, Southampton, to be built

Jive organisation, comprises the demolition and clearance of the

existing site. Construction will

Work has begun on site and

Under a further award worth

is due for completion in early

£1.3m the group will be in-

volved in the construction of a

unique swimming pool complex

to use an ozone water purifica-

can also be used to heat the pool, thus cutting energy costs.

Large block

in Crawley

HUNTING GATE, in conjunc-

tion with Commercial Union

Properties, is to develop a

ment, worth approximately £2.25m, will be held by one of the Commercial Union's long-

The site is in the established

office area within one hundred

yards of the main shopping

The office block will have a

net area of some 19,000 sq ft

on three floors. The specifica-

tion reflects the location and

double glazing and carpeting.

In a partnership with the London Borough of Hammer-

smith and Fulham, Hunting

term funds.

throughout.

The contract, with the Bill

Estimated value confract is about \$15m, and it is expected that there will be a 15 per cent contribution within the framework of the technical co-operation agreements between the Governments of Italy and Mozambique.

Aquater has been active in Mozambique for years and it is mentation drawn to scale now completing a hydrological

McAlpine in £5m deals

and Sons are in London and Northumberland.

In Wood Green, London, for Ringmore Properties, a £1.9m office block project starts soon with completion for September, 1981. This L-shaped 21 metres high building comprises a re-inforced concrete frame, brick clad, founded on piles and pile

RECENT contracts, a Kimberly-Clark factory is to

At Prudhoe, Northumberland,

valued together at over £5m, he extended under the terms awarded to Sir Robert McAlpine of a contract worth £3.183.054. of a contract worth £3,183,054. 1981. The extension is to the existing machine house and com-prises a basement operating floor and mezzanine floor. The basement will have a 2 metres thick floor slab, concrete walls The complex (phase one of the Wellington Sports Centre and structural steel with metal cledding above, all preceded by extensive dewatering and sheet

Tan Bank, Wellington, Shrop-shire) will be the first pool of its type to be built in England piling on the 14,000 square metres site: Completition is for and instead of the traditional October, 1981. chlorine system, ozone water purification, which allows the re-circulation of chlorine-free air within the pool, will be applied Heath generated from the pumping and filtration plant

French Kier at Heathrow

member of the French Kier and plant rooms. Group, has been awarded a contract worth £8m by British Air-

This is for an extension to and includes alterations and adaptions to the existing maintenance hangar and the The contract is due construction of 5,607 square pletion in July 1981.

FRENCH Kier Construction, a metres of new hangar floor area

The foundations and ground floor slab are concrete, and the structure is a 103 metre clear span steel frame. 25 metres the east pen of technical block high It will be clad and roofed A at Heathrow Airport to with metal decking, together accommodate "747" aircraft, with extensive mechanical, electronic services and works. prestige office block at 117/119 High Street, Crawley, West Sussex. The completed invest-

The contract is due for com-

Four tasks in Midlands

THREE PROJECTS awarded to chambers at the sewage works F.C. Construction Company. and F.C. Precast Concrete total over £1.2m.

price contract for the construction of nine bacteria beds and associated pipework at Walsali Road water reclamation works,

1050mm diameter outfall sewer lopers

in Wellington, Shropshire. Josiah Wedgewood and Sony has placed a £200,000 job for Severn Water Authority has extensions to the Barlaston, the building will include, in awarded a £970,000 variable Stoke on Trent, factory where addition to the normal facilities, work has already started.

Bowmer and Kirkland has placed a £120,000 contract with F.C. Precast for the design, supply and erection of a Uni-A further £120,000 contract frame structural building at Gate will develop a 3.6 acre site from the same source is for a Mansfield, Derby, for deve in Hythe Road, London, De-1050mm diameter outfall sewer lopers Viking Commercial tailed planning consent has been

Factories by Douglas

£7.4m, all for work in the is about £4m, industrial sector, have just been announced by R. M. Douglas Construction.

titanium granule plant at Shotwick, for Deesside Titanium managing contractor is

TOTALLING Courtaulds Engineering. Value

Nurdin and Peacock have

placed a fim contract for a warehouse to be built at Llanishen and another project in Wales, also worth film is for forge and offices at Blaenavon Welsh Development for the

Factory extensions at Bromfor £430,000 is for civil engineering works at High Wycombe

in Hythe Road, London. Degranted for 15 units providing a total of 78,200 sq ft of in-dustrial warehouse accommoda-

to 15,630 sq ft. Construction work has started with possession being offered during the early part of 1981.

which is to be known as the Gateway Trading Estate, is to be purchased by Hambro Life Assurance Company advised by Berkeley Hambro

Engineering has been awarded borough for English Industrial a contract worth over £500,000 Estates is worth another by Ogwr Borough Council £440,000 and a further award Bridgend, Mid-Glamorgan, for the construction of a 400 metre long 2.400 metre diameter pipe line through the town of for G. D. Searle and Company. Bridgend.



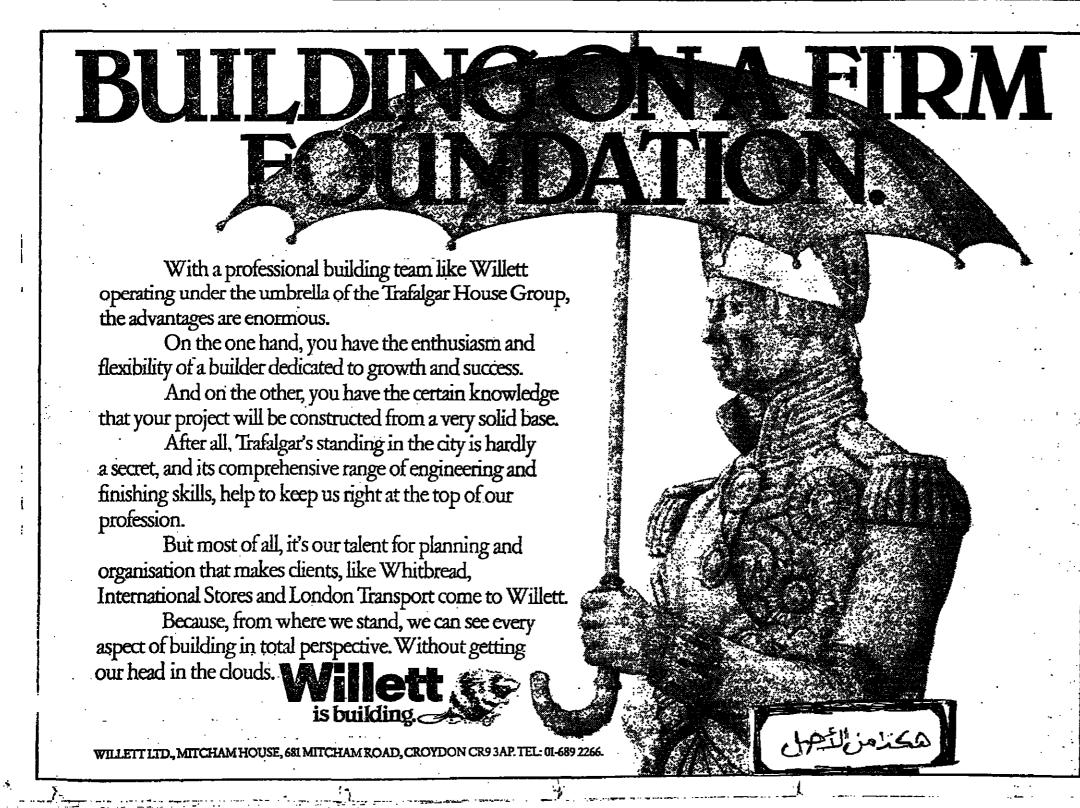
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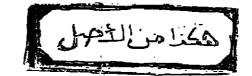
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Early retirement—where will the money come from?

BY ERIC SHORT

EES WHO retire, or) are retired, before reach-5 are pension age have colem. They receive a pana rom their company's masion scheme, but they have ir wait until they reach the s atutory age-65 for men, 60 for women-before they start receiving their basic State pension. The problem is how to bridge that gap.

Up to now, a partial solution has been to register as unemployed and draw unemployment henefit, treating such payments as a substitute for the State

At first sight, it may seem retired and in receipt of a com- maximum of £17.67 a week. pany pension can register as unemployed. But the current Social Security system classifies as unemployed someone who is below State Pension Age and is not working. The fact that the claimant is receiving a company pension has not so far affected the unemployment pay, but under new Government proposals it may do so in future.

The actual conditions under which a person can claim and receive unemployment pay have a ways been somewhat hazy. A person registers as being unemployed at the local employraent office and goes on the unemployment register. There is no benefit for the first six weeks of unemployment, but thereefter entitlement to benefit depends on the person remaining on the unemploythrough the motions of seeking work. The decision rests with the local officials of the Department of Employment, acting on behalf of the Department of

The "company pensioner" would be offered jobs commensurate with the type of work he was doing before he retired. Thus a retired bank manager £68.40 a week would not receive would be offered clerical jobs involving some kind of responsibility. Payment of benefit could be withheld if the claimant laid by the Government is bitterly down unreasonable conditions or restrictions on the types of jobs tion, the trade union movement. offered or the working hours and many sections of the involved. He is not expected to pensions industry. It even take any job that comes along. but the authorities argue that for Patrick Jenkin, the Social the longer he is on the register. Services Secretary, who has the lower should be his expectations of the sort of job he is willing to undertake.

Health and Social Security.

The current basic unemployagainst the proposal is that the ment benefit levels are £18.50 pensioner has paid his National *29.95 for a married couple.

of engine, gearbox and axle units.

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EMPLOYEE

related supplement is being phased out, at present a person whose earnings were at least would be eligible for the earnings related supplement paid surprising that someone who is for six months only, up to a

BENEFITS

Having used his year's benefit, the claimant must work for at least 13 weeks in order become eligible for further

Now this ad hoc situation is to change. As part of its plans to cut public expenditure, the Government intends to "clawback" unemployment benefit from claimants who are entitled to a company pension above a certain level, even if they are not actually in receipt of it.

This proposal is contained in Clause 5 of the Social Security (No. 2) Bill which has reached the committee stage in the House of Lords. It states that anyone entitled to a company pension above £35 per week would have the unemployment benefit reduced on a pound-for-

Volte face

Thus a person with pension rights of £45 a week would have his unemployment benefit reduced by £10 a week. The intention is to bring this proposal into force from next April. A married man with a company pension of at least any unemployment benefit at

Not surprisingly, this move opposed by the Labour opposirepresents a complete rolte face opposed such a move on two previous occasions.

The standard argument a week for a single person and Insurance Contributions while working, and is thus entitled to These rates are being increased unemployent benefit when not to £20.65 and £33.40 in Novem- working. It is not a means-tested ber. This basic benefit is paid benefit. The trade unions hold for a year. Though the earnings- this principle very dear, the CANADIAN PACIFIC ENTER-PRISES is coming out of the woodwork. After nearly two decades of relative obscurity, this sprawling company which has grown fast on the back of Canada's abundant natural resources is actively courting the attention of analysts and

The company has been dress ing up its image at a time when the thrust of empansion is turn-TUC arguing for its retention | ing away hold from Canada itself, and from Canada's traditional rose as a newer of wood and drawn of water. CPE is graining an unusually decenment. A person who is working | tralised intragement approach on to an increasingly diverse cannot, in theory, register as and complex structure.

even when claimants have a

substantial occupational

But there is an element of

double thinking in this argu-

adequate, why should it be

If one looks at the Govern-

there is much to commend the

pension of two thirds of final

salary does not necessarily need

can be said to be guilty of

First the clawback limit is too

earnings. But more important,

it is tinkering with the social

security system when it should

If there was a comprehensive

flexible retirement age instead

of the present rigid system,

then these problems would not

arise. The previous Government

pension scheme, but passed it

gives the member the oppor-

Under Inland Revenue rules,

companies can pay a higher

pension up to State pension age,

the overall occupational pension

age, the company could pay a

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had a splendid opportunity to

be re-considering the whole

while veiting for work.

abusing the system.

present

deferred pay.

unemployed and draw unemployment pay. What is the CPE was incorporated in 1962 difference between a person as a wholly-owned subsidiary of receiving income from his Canadian Pacific, the legendary iob and someone railroad company. Its purpose, income in the form of according to CP, "was to assist receiving income in the form of pension from his previous in and further the process of job? The trade unions are diversification by encouraging always referring to pensions as the development of specialised managements.

By all means, a retired person i is fit and keen to work CPE's development were rapidly should use the employment transferred from the parent office in seeking a job. Indeed company: a major holding in more could be done in this Canadian Pacific Oil and Gas direction. But if his income is (since renamed PanCanadian Petroleum): a majority interest supplemented by unemployment in Cominco, the mines and benefit, which presumably is minerals group; and full ownerintended to provide income ship of the Pacific Logging forest products company. CPE also took on board CP's hotel ment's plan dispassionately, then | and real estate interests.

Since the early 1960s, acquisitions have produced both additions to the original divisions and a degree of diversifithe unemployment benefit and cation, notably into iron and steel. Yet the original operating creas are still the mainstay of

The Government's proposals the group, can be criticised on two counts. Last year Last year, CPE had assets of C37bn (£2.5bn) and earnings of 13 per cent of anything." low — a pension of £68 a week C\$429m (£151m). Oil and gas is well below National Average | provided 34.4 per cent of the income and 21.9 per cent of the fixed assets. The comparable figures for mines and minerals were 28.6 and 23.2 per cent, and long-term strategy and financial for forest products 11.3 per cent and 11.7 per cent.

CPE is still overshadowed by its parent, yet is now bigger than the rest of CP put together. It is a separately managed and independently quoted company introduce flexible retirement at with no interests in transportathe start of the new State tion—unlike CP, which is ex-

It is partly to make this What can be done in practice separate identity clear that CPE to bridge the age gap? The has recently been stepping into answer is very little. Many pen-, the limelight. In March of this sion schemes which begin to year it placed outside North operate below State pension age America 750,000 shares, valued allow the member the option at around £11.7m, and obtained of deferring drawing his pen-listings on the London and sion until a later date. This Amsterdam stock exchanges.

More recently, it changed its tunity of getting other work and The erstwhile Canadian not paying too much tax. But | Pacific Investments was reborn the Government's proposals as Canadian Pacific Enterprises, clearly provide for "clawback", The principal purpose of the first move—aside from raising even where the pension is post-—was to emphasise the increasing international aspirations of CPE, while the name change was intended to suggest that CPE is an active management company, rather than an investment holding group.

providing they then reduce the company pension. The rule that active company of cannot exceed two-thirds of final salary is applied rigidly. With markably modest staff. The head office in Montreal houses this new situation, the Revenue should be prepared to recononly 25 people, supported by a sider its stance and the unions and the pensions industry treasury department of about 50 in Toronto. The Montreal office should be seeking amendments, accommodates six top managers. so that up to the State pension; an acquisition group, a team of cconomists and little else supplement equal to the State !

This skeletal team holds sway over a labyrinthine network of companies. Cominco alone has a direct or indirect holding of at least 40 per cent in 25 other

companies.

It appears paradoxical that such a small group should claim to manage such a large and diverse operation. There is no doubt that it has the muscle to do so since in almost all cases CPE has established a very sizeable equity position in its operating units. Earlier this year. CPE's attempt to buy a majority holding in MacMillan Bloedel, Canada's largest forest products company, was thwarted by political opposition. CPE promptly sold its existing 13.4 per cent stake in MacMillan for around £35m. As Ian Sinclair. CPE's robust chairman, puts it:



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How Canadian Pacific made

good by going off the rails John Makinson on the conglomerate that emerged from a railroad



Ian Sinclair: "I'm not interested in owning 13 per cent of anything"

"I'm not interested in owning Having established control, CPE leaves operational management firmly in the hands of its subsidiary boards, assuming direct responsibility only for matters. When something goes wrong, CPE does not step in directly but can use influence on the board of the

subsidiary to force changes. This was recently the case with Hotels where Sinclair orchestrate helped to management resbuffle. Financial control is essential to the CPE strategy. The parent

carefully monitors the debt and equity position of all companies its umbrella, taking action whenever financial ratios cause concern. Just as CPE's creditworthiness has been enhanced by its connection with CP, so the operating companies can use the powerful asset back-ing of CPE to support their

CPE companies regularly have recourse to rights issues in order to raise funds. Great Lakes Forest Products raised \$42m (£15.8m) through a onefor-four issue last month. CPE exercised all its rights and also took up all the shares not subscribed for by other sharehoiders.

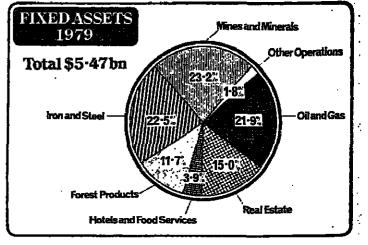
75.8 per cent of CPE and, with Sinclair currently chairman of both companies, there is little doubt who runs both shows.

Sinclair is determined, however, to apply the same principle of operational independence to CPE as CPE applies to its subsidiaries. Within a year, he will have relinquished the chairmanship and chief executive role at CP to devote his energies to CPE. Within two years, all mainline management connections between the two will have been

Autocratic

Sinclair is unrepentant about the policy of tapping powerles minority shareholders for funds. "When people buy into our companies, they know they are buying into a controlled situation," he says. careful to maintain a market in these companies so they can always get in and out."

Sinclair himself is fulcrum around which CPE turns. Few of the company's employees would deny that he has been the moving spirit behind CPE's growth. Trained as a barrister, he joined CP in 1942 to negotiate railroad freight rates with the Canadian The principle of taking effec- Government. became



taking over the chairmanship three years later.

At 66, Sinclair combines the physical appearance of a dockhand with the diplomatic tongue of a lawyer. He is at pains to emphasise his faith in friendly takeovers and looks purchases are being considered aggrieved but resigned when Within Canada, the group is liscussing the British Columbia Government's opposition to his aborted MacMillan takeover.

Privately, however, Sinclair is known as a tough and autocratic manager, a wily negotiator and no friend of interfering governments. He is widely considered to have outmanoeuvred one of West Germany's most able businessmen, Herr Egon Overbeck, in his 1973 purchase of a 25 cent stake in Algoma Steel from Mannesmann AG.

The development of CPE mirrors the increasing role played by resources in Canada's economy. While this emphasis has proved an impetus for growth, the volatile performance of the Toronto stock market testifies to the uncertain quality of resource earnings in Canada. Sinclair is planning to diversify the business both away from Canada and away from resources. At present CPE holds only

2 per cent of its fixed assets outside North America, compared with 15 per cent in the U.S. The decision to come to Europe for a listing before New York reflects in part Sinclair's personal impatience with the bureaucratic niceties of the Securities and Exchange Commission although he points out. enough. American investors can easily through Toronto.

The London and Amsterdam listings also indicate, however. tive control without overall president and chief executive expand CPE's interests outside industrial and geographical ownership now applies to CP's of the former Canadian Pacific the North American continent. base, managed with a high hold on CPE. The parent dwns Railway Company in 1969, In all cases CPE will insist on decree of flexibility.

political stability as a basic investment criterion.

For the moment, though, the U.S. is absorbing most of CPE's acquisitive attention. In March bought Norin, a diversified U.S. food company, and more Within Canada, the group is

examining acquisitions in two specific areas. The first is "agribusiness," a broad sector encompassing agricultural products and equipment. CPE has already entered the

agriproducts business through Baker Commodities Inc. which recently acquired Corenco Corp of Massachusetts. Corenco, like Baker, is engaged in the rendering business—the recycling of animal waste byproducts into fats and proteins. also processes and packages fruit preserves, jams and jellies. The other area is the finan-

cial sector where a strengthening of CPE's position within Canada would make industrial logic, since it would offer diversification away from resources into an area which has shown very strong earnings prowth over the past few years. CPE already owns an insurance ness, but Sinclair is now eyeing mortgage and consumer finance companies. Canada's banking regulations would inhibit an hanking sector, but the field of financial services is wide open. With the resource operations

providing both cash and colla-teral. CPE is well placed to continue its acquisition strategy. When necessary, minority shareholders can be tapped for additional funds or a new category of shareholders can be created—as was the case with its recent listings outside North America. The result should be

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edest proposal unemployed

MAMUEL BRITTAN

a way: will be a present terms. anality. It was no economics.

cirvives the the unemployo not quite mean ····!line suggests and disappearance of methods of ourselves into n forment. Whatever one

hink of the 1.3m adults in inid unemployed at the int of the 1978-79 boom, the "Tren' rise represents a genuine rerease in the unused human

A reduction in inflation may involve a transitional increase in unemployment — which is an argument for not inflating in the first place. The size of that increase is not however given in heaven but can be influenced by human action and policies. The purpose of this article is to sug-gest one simple proposal which could mitigate the absurdities of unemployment, which would neither interfere with the counter-inflation programme, nor require a revolution in the organisation of the British labour market.

Novelty

The proposal is not original. In fact it is one that occurs spontaneously to many people. Any novelty is simply in suggesting that they are right, and establishment objections are wrong. The proposal is simply that instead of drawing the dole for remaining at home, unemployed people should have the option of doing useful work which would otherwise not be done. Examples include providing services for old people, removing environ-mental eyesores, providing extra amenities for hospitals and thousands of other possible improvements which will occur

remain as much incentive as at present to take "proper jobs" when these become available; and the downward pressure on wage inflation from depressed labour markets would con-There would be no

† Indicates programme in black

and white.

BBC 1

Radio

of unemployed public parks. They would have y side with unthe choice between amenity and desires has work and drawing the dole on

Whether people in amenity which first jobs were in the employment figures is an unimportant statistical detail. Their numbers should be listed separately, so that commentators could treat them as they like. Ideally there ought to be, as in the U.S., several unemployment definitions from, say, U1 to U9, as cuted on three summonses there are for money supply, to before Feltham Magistratic be used for different purposes.

Ideas for amenity jobs could

come from Government departments, local authorities and voluntary organisations. Best of all they could be suggested by the unemployed themselves. Approved ideas could be posted up in Job Centres and other DHSS and Manpower Services Offices. Projects would have to be "approved" because other-wise organisations would be able to sack people and have them back at public expense. But although there will always be borderline cases, it is in practice possible to differentlate between new projects and

jobs which would in any case have been done. Public service unions might oppose the idea because it would reduce the pain of expenditure curbs and lessen pressures for their restoration. But they would not be able to block the idea in the present climate of public opinion if the Government departments concerned were prepared to push

it through. Ideals

It might be said that the unemployed can already do voluntary social service work if they wish. A formal scheme for amenity jobs would, however clearly demonstrate that such activities are approved and encouraged, and not regarded as a disqualification for benefit. People willing to do such jobs Moreover there are many would receive the present dole unemployed who would be glad and no more. So there would to respond to a lead, but would not themselves have taken the initiative.

But I must warn that this apparently simple idea will upset many interests and run counter to conventional thinking. It will not be implemented pressure on, say former steel without enormous political workers to do gardening in pressure.

THE IMPACT of the Common which includes log-books; and Market on English law becomes by subsection (4) makes it an more impelling every day. In offence to contravene any re-February, 1979, the European requirement of the applicable Community rules as to books, Court held that the Government had not fulfilled its obligations records or documents. under the Treaty because it The applicable C The applicable Community

had failed to adopt in good rules are contained in a Council time the measures to be taken to implement a Regulation on vision for installation and use rules are contained in a Council vision for installation and use of recording-equipment had the introduction of recordingbeen made in the 1968 Act only The British refusal to order the fitting of tachographs in heavy lorries because of implac-able union opposition had had national transport.

bourg Court's ruling forced the Claimed

In August, 1978, Concorde unsuccessfully

Given the national law only, the legislation had maintained in force the obligations relating to the keeping of an individual control-book, which had been abolished by the Community Regulation.

Before the European Court in early 1979 the British Government had claimed unsuccessfully that this arrangement was sufficient to meet the objectives of promoting road-safety, of social progress for workers, and of the harmonisation of conditions of competition. Court, however, rejected the idea that the member-States could achieve these objectives by installation and use of recording-equipment simply on

a voluntary basis. Mechanisation was compulsory. The summonses before the

THE WEEK IN THE COURTS

Tide of EEC law cannot be turned back

BY JUSTINIAN

Feltham Justices were based on the English legislation and on an Article in the EEC Regulaon an optional or voluntary tion which places an obligation basis, as regards both vehicles on the crew of a vehicle to carry engaged in intra-Community a control-book. The Justices transport and those engaged in convicted the firm, but on appeal to the Crown Court at Kingston upon Thames the conviction was quashed on a narrow point.

> The Article relied on by the prosecutor appeared to place no obligation on the employer of the crew. The Court found it difficult to understand the basis on which the charges were laid against the firm.

> A sub-clause in the Article in any event, makes it abundantly clear that there is no intention to create an obligation on an employer, because it expressly requires member States to take all necessary steps concerning issue and control of the books. Whether or not those steps had been taken by the Execu-

> tive in Whitehall by way of delegated legislation, the present charges were not laid under any such measures. Hence the prosecution failed.
> The Court went on to con-

sider further arguments on applicability of the EEC law. The recitals to the 1969 Regula-

tion contemplates the replacement of control-books by mechanical recording equipment. A later Regulation deals with introduction of recording equipment in road transport; it provides for installation of recording equipment in certain classes of vehicles.

Each of the vehicles in the instant case fell within the class of vehicles requiring such equipment, and, moreover, such installation had become compulsory before August 1978.

Recording equipment

The EEC Regulations recognised that equipment could not be installed and brought into use overnight. January 1, 1978, was the appointed day which affected the vehicles in this esse. Article 3 of the 1970 Regutions introduced a proviso to to the earlier Regulations imposing the obligation of crewcontrol-book.

The provise said that that earlier Regulation should not a liberal approach to statutory apply to crew-members of construction (including our v. Traffic Examiner Metropol vehicles using recording equip-legal correspondent, A. H. Area [1980] 2 CMLR 221.

The firm argued that once the obligation to instal equipment on a particular vehicle became compulsory, the proviso ex-cluded the crew of that vehicle from the earlier obligation, even either in the vehicle or in use in it. The obligation was on the employer to fit it.

In short, the purpose behind the later Regulation was a progressive change over from a logbook system to a mechanical recording system; accordingly the requirement for keeping a log book ceased to be necessary for vehicles subject to the compulsory mechanical recordingsystem.

If there should be a failure to use that system properly, then it should be enforced directly under the relevant regu-lations and not by an indirect way by recourse to the log-book anoisivora

Interestingly, the Crown Court judge, Judge Rubin, considered that the Court had considerably greater freedom in constraing Community Regulation than it would have had if it were construing an English statute: if was entitled to have regard to the purpose of the EEC Regumembers to have an individual lation as displaced in the recitals to the Regulation.

How much the supporters of

ment conforming to the provi- Hermann) will cheer at this ment contorming to the later influential effect on English judges of EEC attitude to interpreting the law.

The Crown Court, therefore, was able to say that, since the vehicles had been fitted with and were using an approved tachograph, that was a sufficient if there was no equipment answer to a prosecution for failure of the employer to issue the crew-members with the national control-books.

Dragged into conformity

Thus English law was dragged into conformity with EEC law even before the national legislation had been introduced to comply with the ruling of the European Court

It is a classic instance of the Rome Treaty acting like an incoming tide, flowing into the estuaries and up the rivers of this island. More and more English lawyers are becoming aware that there is no turning back of the tide, and that short of a renunciation of the Treaty funthinkable except by a resort to the Vienna Convention on Treaties) they must learn to accommodate themselves to the refreshing waters of a new system of law and to a less restrictive role played by the courts over the legislation of

the men in Brussels. *Concorde Express Transport v. Traffic Examiner Metropolitan

An outstanding brood mare

a good many English breeders must have been left wondering whether Stilvi is to prove herself the outstanding brood mare of this century.

equipment in road transport.

its impact in the courts of this

country even before the Laxem-

Express Transport was prose-

Court under Section 98 (4),

Transport Act, 1968, for failing

to issue individual control-books

to crew-members employed by

the company to drive its lorries.

The lorries had in fact been fitted with tachographs, but crew-members had not been issued with a log-book or indi-

Did the employer, who had

expected the imposition of the

EEC law in this country, have

a defence to the charges in an

Section 97 of the Transport

Act, 1968, deals with installation of recording-equipment in

vehicles but has not been

brought into operation. Section

98 deals with written records.

English magistrates' court?*

vidual control-books.

Government to change tack.

She is already—at a compara-

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tively young age-one of the most successful mares in the history Ωf thoroughbred breeding.

From a different stallion in mixed each of her first four years at stud, the Derring-Do mare was responsible for Tachypous. Taxiarchos, Tromos, and Tachypous

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BBC 2

om Wimbledon Ladies'

Singles Quarter-finals.

7.50 One Hundred Great Paint-

9.00 The Innes Book of

LONDON

9.30 am Check It Out. 10.00 The Wild, Wild World of Animals. 10.25 Poetry of Land-

scape. 10.40 The World We Live

In. 11.05 Little House on the

Prairie. 11.55 Dick Tracy. 12.00 Choriton and the Wheelies. 12.10 pm Rainbow. 12.30 Doctor! 1.00

News. 120 Thames News. 130 Crown Court. 2.90 Against the Wind. 2.30 Monday Matinee: "The Purple Plain." 4.15 Clap-perboard. 4.45 The Latchkey Children. 5.15 Mork and Mindy.

5.45 News. 6.00 Thames News.

6.35 Crossroads.
7.00 The Krypton Factor.

9.00 The Sandbaggers.

10.00 News.

7.30 Coronation Street. 8.00 Can We Get On Now,

8.30 World in Action: Russian

10.30 Police Story. 12.15 am Close: Personal choice

All IBA regions as London except at the following times:

ANGLIA

10.00 am Chopper Squad. 10.50 Child Life in Other Lands 11.20 World Worth Keeping. 11.45 Cartoon Time. 1.20 pm Anglia News. 2.00 About Britain, 2.30 Monday Film Matineet.

with Andrew Cruickshank.

ings. 8.00 Mid-evening News.

8.10 The Waltons.

Records. 9.25 Brass Tacks. 10.19 Wimbledon highlights.

11.00 Newsnight.

Points

As Tyrnavos swept toward second to Nebbiolo in the 1977 North's most popular jockey victory in the Irish Sweeps 2,000 Guineas; Taxiarchos won was released from any com-Derby to give England a third a number of good races and mitments for Watts on Derby successive victory in the race, was only just short of classic day, so that Hide would be free ability, and Tromos and to ride Tyrnavos at Epsom. No Tyrnavos have done even such arrangement was made

> her, and a yearling by Reform, and as my colleague, John Oaksey, reflected at Newcastle, "They must be worth their weight in diamonds." This spring, Stilvi, whose tremen- of smart fillies in training with dous pace earned her a two-Fulke Johnson Houghton, sold year-old Timeform rating of Stilvi as a yearling. 126, visited Mill Reef.

Two men who must have watched Saturday's race with feelings are jockey Edward Hide and breeder John Coggan.

By an agreement between Bill Watts and Bruce Hobbs at the start of the season, the

A.I.V

10.20 am Sesame Street. 11.20 The Entertainers (Julie Felix). 11.45 Larry the Lamb in Toytown. 1.20 pm ATV Newsdesk. 2.00 The Royal Show. 5.15 Take My Wife. 6.00 ATV Today 10.30 Left, Right and Centre. 11.00 ATV Newsdesk. 11.05 Luke's Kingdom. 12.05 am Something Different.

BORDER

concerning the Irish race, and Stilvi has a two-year-old filly Saturday found Hide at Newby Great Nephew to represent castle, watching the race at the Curragh on the weighing-room television.

John Coggan, who sells year lings annually at Newmarket, but who also has had a number

Tyrnavos will next run in the King George VI and Queen Elizabeth Diamond Stakes.

WINDSOR 8.35—Fairmile Lad

6.45—Brentex**
8.05—Beaulah Land*** 9.05-Glasgow Central*

How the West was Won. 1.20 pm News and Road and Weather. 2.00 The Royal Show. 3.45 About Britain. 5.15 Sam. 6.00 Scotland Today. 6.40 Crimedesk. 10.30 Sounds Gaelic. 11.00 Late Call. 11.05 Kaz. **SOUTHERN** 10.00 am Focus on Wildlife, 10.25 Little House on the Prairie. 11.20 History of the Motor Car. 11.45 Larry

WESTWARD

10.00 am The Bost of Weir. 110.25
Feature Film: "Buildog Jack," starring
Relph Richardzon. 11.35 Survival.
1.20 pm Westward News Headlines.
2.00 About Britain. 12.30 The Monday
Matrinen: "So Long at the Fair," starring Dirk Bogarde and Joan Simmons.
4.12 Gus Honeybun's Birthdays. 5.15
University Challenge. 6.00 Westward
Diary. 10.32 Westward Late News.
10.36 Luke's Kingdom. 11.35 Celebrity
Concert (Engelbert Humperdinck).
12.30 am Faith for Life. 12.35 West
Country Weather.

YORKSHIRE

Selmondo.

HTV Cymru/Walas—As HTV West/
HTV General Scruce except: 12.0012.10 pm Trohetrau. 1.20 Penawdau
Nowyddion Y Dydd. 1.25-1.30 Report
Wales Headlines. 2.00-2.30 Hamdden. 10.00 am The Beachcombers. 10.25

BBC Radio London

6.00 AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight Special—Laurence Spicer looking at the power of Islam. 9.00 Nightline, 12.00 LBC Reports Midnight. 10.00 am

Night Extra.

Capital Radio
6.00 em Graham Dene's Breakfast
Show (S). 9.00 Michael Aspel (S).
12.00 Mike Allen (S). 1.00 pm London
Today First Report (S). 1.00 Mike Allen
(continued). 3.02 Roger Scott (S).
7.00 London Yaday (S). 7.30 Adrian
Love's Open Lina (S). 9.00 Alan
"Fluff" Freeman (S). 11.00 Tony
Myatt's Lete Show (S), 2.00 am Peter
Young's Night Flight (S).

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Wynter, Ann Boach in the Award
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Sales Box Office 01-378 6061. LAST 11
WEEKS. ENDS SEPT. 13. CRITERION. 930 3216. CC. 379 5565. Eves. 8. Fri. and Sat. 6. 8.45. Air conditioning. Robin Ray, Jonathan Adams. Martin Connor. Tricts George in TOMPGOLERY, the words and music å lyrics of TOM LEHRER. DUCHESS TH. CC. 01-835 8243, Gor. sale 379 6061. Evis. 8.00. Sats. 5.30 & 8.30 Thurs Muts. 3.00. MARIA AITEM MICHAEL JAYSTON IN NOEL COWARD. PRIVATE LIVES. DUKE OF YORK'S, CC. 836 5122
GLENDA JACKSON ROSE. A new play
by Andrew Davies. Eves. 6,00, Mat.
Wed. 3,00. Sats. 5,00. Over 100 totally
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for today at Thesire.

ORANADA

10.00 am The Beatles, 10.15 Wildlifein Crisis, 10.35 The Woody Woodpecker Show, 11.00 Sosame Street,
1.20 pm Granda Reports, 2.00 About
Britain, 12.30 Monday Matinee: "The
Man Upstairs," 5.15 Granada Reports,
6.30 This Is Your Right, 10.30 Nuts
and Bolts, 11.00 The Late Film:
"Operation Cobra." 11.1 V
10.00 am The Young Country. 10.25
The Lost Islands. 10.50 Sesame Street.
11.50 Larry the Lamb in Toytown.
1.20 pm Report West Headlines. 2.00
About Britain. 2.30 The Monday
Matinee: "Four Against the Desert."
5.15 Batman. 6.00 Report West. 10.35
The Monday Film: "The Burglars."

10.00 am Vildite—Unterned Frontier.
10.25 Alice in Wonderland. 11.10 Young Remsey. 1.20 pm Calendar News. 2.00 About Britain. 12.30 Monday Metines:
"Nor the Moon by Night," starring Bolinda Lec. Michael Craig and Patrick McGoohan. 5.15 University Challengo. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Happy Doys. 10.30 Calendar Carousel. 11.00 Pana. 12.00 George Hamilton IV.

12.27 Brain of Britain 1980 (S). 12.55 Wouthor; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre. 4.30 Letter from the Harz Mountains. 4.45 Short Story. 5.00 PM Nows Magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 5.00 News. 5.55 The Archers. 7.20 Science Now. 7.45 The Shaw Festival: "Ceesar and Cleopatra by Bernard Shaw (S). 9.40 Kaleidoscope. 9.59 Weather, 10.00 The World Tonight. 10.30 The News Quiz (S). 11.00 A Book at Bedtime, 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News. LYRIC MAMMERSMITH. CC. 01-741 2311
LAST WEEK! Eves 7.30. Set 5 & 8.15
TRAVELLING NORTH by David Williamson. Cast locides Rosemary Leach 4
Peter Vacshan.
B-12 July at 7.30 DEREK JACOBI 22
LOTE Byron in THE LUNATIC. THE
LOTER & THE POET.
LYRIC STUDIO: Eves 8. Sats 4.30 &
B Edward Duke in JEEVES TAKES
CHARGE by P. G. Wodehouse. LYRIC INEATRE. CC. 01-437 3686. Grp. Sairs 379 6061, Evgs. 8.00. Weds. 3.00. Sats. 5.00 and 5.00. RODNEY BEWEST FRANCIS MATTHEWS IN MIDDLE AGE SPREAD. COMEDY OF THE YEAR WEST END THEATRE AWARDS.

WEST END THEATRE AWARDS.

NATIONAL THEATRE S. 928 2252.

OLIVIER (OPEN SLAGE): TON' 7.30

AMADEUS by Peter Shaffer. Tomor 7.30

SISTERY FEELINGS ("Abigail Recept").

(THE WILD DUCK must end 9 July.)

LYTTELTON (prosenium stage): Ton't.

Tomor 7.45 REATN OF A SALESMAN by Arthur Miller.

COTTESLOT (small auditorium): Tomor to Sat 7.15 ILEA peris (all this 52.2 Student standby \$1.20). From 9 July the Market (heatre of Johannesburg presents athol Fugard's A LESSON FROM ALOES (all this 53. Student standby \$1.20).

Excellent cheap seats from 10 am day of peri all 3 theatres. Car park. Restaurant 928 2033. Credit card bloss \$2.3002. 5.00 am As Radio 2. 6.30 Rush Hour.
10.03 Robbis Vincent's Telephone Programme. 1.03 pm London Livis. 4.20
London News Desk, 5.35 Look, Stop.
Listen. 7.03 Black Londoners. 8.00
Question Time from the House of
Commons. 9.00-5.00 am Join Radio 2.

OLD VIC. 928 7616. June 3-21. STEP
NOTES AND SQUEAKS, Marina
Gielgud. Robert Helpmann Svetlanz
Beriosona, Amon Dolla, Evest 7.30.
June 24. July 19. Bristol Old 21.
Company. A MILUSUMMER BEGTTS
DREAM. Save 25 pc on 6 press plays. PALACE, S. CC. 01-437 6834. From Sept. 17 RODGERS & HAMMERSTEIN'S OKLAHOMA! PALLADIUM, CC. 01-437 7373, YUL BRYNNER IN RODGERS & HAMMAR-STEIN'S THE KING AND I. Also Rarring Virginia McKenna. HOTLINE 01-437 2055, Evgs. 7.30. Mat. Wed. & Sat. 2.15.

Z. Und to E. HE CUCKOOS NEST XX. WK & SUR 145. 4.55. 8.00. C. ASSID EN ACHTEMENT Teledate 01-204 0240 REYCE RICH. IN A LIFETIME with 3 award winning-perts from Carmen De Sautor, Richard Griffiths and Zoë Wanamaker, and Pam Gems' adult play PIAF (next perf Fol). PIAF plays Fri thru wed alt was all other perts LIFETIME. RSC also at Aldwych and Warehouse Theatness.

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Directed by Michael Elliott.
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SAVOY THEATRE. D1-836 9888. CC. 836 818. Mon.-Pri. 110-81. LESLIE PHILLIPS. DIANA COUPLAND. RONA ANDERSON IN NOT NOW DARLING. Mon.-Thurs. 8-00. Fri. and Sat. 5.45 and 8-45. Red., price Fri. mat. Group bigs. SHAW. 01-38B 1394. Opens Mon. June 30th at 7.00. Subs. Ergs. 7.30. A New Milme Production WAYNE PRITCHETY IN HORACE AND EVERYMAN.

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YOUNG VIC. 01-928 6363. Eves 7.30 Sat 4.30 & 8.00. Ton't Thurs. Fri Tom Stongart's REAL. INSPECTOR HOUND! AFTER MAGRITIZ Tomor, Wed. Sat ROSENCRANIZ & GUILDENSTERN ARE DEAD.

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ork. On. 3-45, 1550.

2-60. G. A.S. 1550.

2-60. G. A.S. 1550.

3-60. G. A.S. 1550.

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3-200, 3-29, 0-20, 12-35, risymarket (Piccadilly Circus Tupes, 61-25, 522, 12-40) (not 3-10, 12-40) (not

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Mei Brooks BLAZING SADDLES (AA).
2-10. S-40. 9-10 MONTY PYTHOR AND
THE HOLY GRAIL (A). 3-25. 7-25. Late
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Licensed Barr.

STUDIO 3, Oxford Circus, 437 3300 Licid, Bar. THE DEER HUNTER (X), 12.45, 4.05, 7.30. Late Show Sat. 10.50.

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11th July. MATHAF GALLERY. 24. Mottomb Street. London, SW1, 235 0010. Simmer Exhibi-tion of 19th Century "Artists of Argois." Mon. to Fri.

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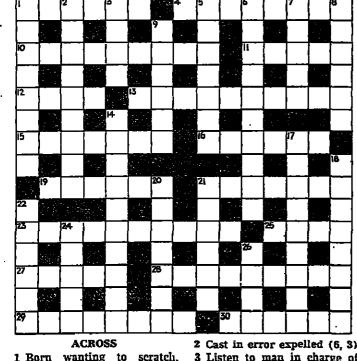
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spiteful (6)

12 Scientist finally losing on creature (4) 13 Girl is a mite down (3, 2, 5) 15 Like this individual to take 9 Plant economy (6) to road in least time (7)

associate with Grimm (6) 21 Undue sensitivity to everything off-grey (7)

top (4) 27 Conclude fashionable game 22 Religious belief is within official backed (5)

in heap of earth (8) 30 Old chap we hear runs into hot water (6)

The Space Sentinels, 5.05 John Craven's Newsround. 5.10 Blue Nelly. 10.00 Jackanory. 10.15 Cheggers Plays Pop. 10.35-10.55 Take Hart. 1.25-1.30 pm The Scottish News. 5.55-6.20 Report-ing Scotland. 12.12 am News and Weather for Scotland.

F.T. CROSSWORD PUZZLE No. 4,310

10 Unusual Oriental spectacle given travelling box-room 11 Book backing Pole before long (5)

16 Tip I have used in salad (6)

23 Fear heaven sent little mis-25 Airman leads yours truly to

28 Depend on a fight for loaf 29 Dying to find bone hidden

BBC Cymru/Wales-11.25-1.30 pm Cricket: Glamorgan v West Indies. 1.30-1.45 Pila Pala. 1.55-

Regional News for England (except London). 4.20 Play School (as BBC 2 11.00 am). 4.45 Weather for Wales.
Scotland—9.55 am Noah and

> Northern Ireland-4.184.20 pm Weather for Northern

5.55 Nationwide (London and South East only). 6.20 Wimbledon highlights. The Dukes of Hazzard.

9.25 The Monday Film; Katie: Ireland.
"Portrait of a Centrefold." Englar 11.00 The Editors.

1 Born wanting to scratch, 4 Blackleg joining poet in case of wearon (8)

pay Frank (9) landlord (2, 6)

> 21 Money put on a horse (6) the people there (6) 24 Convicted murderer writing biography (5)

DOWN day's prize puzzle will be pub-1 Stop united going on board lisbed with names of winners next Saturday.

11.40 News Headlines. 11.42 Bellamy's Europe.
12.12 am Weather / Regional

1.30 pm Heads and Tails. 1.45
News. 1.55 Wimbledon (Ladies' Wales Today. 6.15 Cricket
Singles Quarter-finals). 4.18
Regional News for England
(except London). 4.20 Play
(Wimbledon), 12.12 am News and

3 Listen to man in charge of paper (4)

> A supreme being across Channel is so long (5) 8 Impresssion going to fade

14 Infatuating object with lively beat (5, 5)

RADIO 1
(3) Stureophonic broadcast
; Medium wave
5.00 am As Radio 2. 7.00 Dave Loc
Travis. 9.00 Simon Bates. 11.31 Paul
Burnett. 2.00 pm Steve Wright. 5.30
Newsbeat. 5.45 An Outward Bound
Stayin' Alive Special. 9.00 Bruno.
9.50 Newsbeat. 10.02 John Peel (S).
12.00-5.00 am As Radio 2.
VHF Radios 1 and 2—5.00 am With
Radio 2. 2.03 pm Ed Stevert's Request
Show (S). 4.03 Much Mora Music (S).
8.03 John Dunn (S). 8.02 With Radio
2. 10.00 With Radio 1. 12.00-5.00 am
With Radio 2. 20 Organ after that was made of KADIO 2
Jones (5). 7.32 Terry Wogen (5). 10.03 John Timpson (5). 12.03 pm
David Hamilton (5). 2.03 Wimbledon Tennis, 7.00 John Dunn (5) (joins VHF). 8.02 Foik on 2 (5). 9.02 Humphrey Lyttelton with the Best of Jazz on records (5). 9.55 Sports Desk. 10.02 Pop Score. 10.30 Star Sound. 11.02 Brian Matthew with Round Midnight, including 12.00 News, 2.02-5.00 am You and the Night and the Music (5). clay (7)

26 Look out for third-class welcome (4) The solution to last Satur-

West (Manchester): Midlands Today (Birmingham): Points Today West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). All regions as BBC 1 except as 11.00 am Play School.

8.10 Panorama: The Venice Northern Ireland News. 5.55-6.20 Scene Around Six. 12.12 am News England—5.55-6.20 pm Look East (Norwich); Look North

5 Neat jab from range rider 6 Instrument enabling singer to join racket (4, 6)

away one after the other

19 English writer listeners 17 Girl with rent promises to 18 Correspondingly close to

"The Intruders," starring Edmond
O'Brien. 5.15 University Challenge.
6.00 About Anglia. 6.30 Survival. 10.30
The Brian Connel Interviews. 11.00
Monday Late Film: "The Girl Who
Knew Too Much," starring Nancy Kwan
and Adam West. 12.45 am Reflection. Radio Wavelengths 1053kHz/265m 1089kHz/276m 2 693kHz/433m

RADIO 1

RADIO 2

6.55 am Westher. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morn-ing Concert (S). 9.00 News. 9.05 This

3 1215kHz/247m & 90-92.5vhf stereo 4200kHz/1500m 4& 92,95vhf

London Broadcasting 1151kHz, 251m & 97.3vhf

HTV

Starring Omar Sharif and Jean-Paul

Wales Headlines. 2.00-2.30 Hamdden. 4.45-5.15 Sér. 6.00 Y Dydd. 6.25-7.00 Report V/ales. 8.30-9.00 Yr Wythnos.

SCOTTISH

BBC Radio London

Capital Radio: 1548kHz, 194m & 95.8vhf

RADIO 4 RADIO 4
6.00 am News Briefing. 6.10 Farming
Week. 6.25 Shipping forecast. 6.30
Today, including 6.45 Prayer for the
Day; 7.00, 8.00 Today's News; 7.30,
8.30 News beadlines; 7.45 Thought for
the Day. 8.35 The Weck on 4 8.45
John Ebdon with the BBC Sound
Archives. 9.00 News. 9.05 Stort the
Wask with Mavis Nicholson, 10.00
News. 10.02 From Our Correspondent. 10.30 Deily Service (S) 10.45
Story Time. 11.00 News. 11.05 TwoGun Cohen (Portrait of General Morris
Abraham Cohon). 11.50 Weigh-In.
12.60 News. 12.02 pm You and Yours.

V/cok's Composer: Haydn (S), 9.55
Piano Recital (S), 10.35 Musica Antiqua
Cologne Concert, part 1 (S), 11.15
Interval Reading, 11.20 Concert, part
2 (S) 11.55 Gunther Herbig Conducts
(S), 1.00 pm News, 1.05 Lieder in
English (S), 1.40 Matince Musicole
(S), 2.35 Oboe and Piano recital (S),
3.10 New Records of maris by Making

3.10 New Records of music by Mahler (S). 4.55 News. 5.00 Mainly for (S). 4.55 Nows. 5.00 Mainly for Pleasure (S). 7.00 College Con-corts, part 1 (S). 7.20 Intervol Readearls, part 1 (S). 7.20 Interval Reading. 7.25 College Concert, part 2 (S). 8.05 Promenades. 8.35 Bruckner and Brahms chamber music (S). 9.30 Reckonings (story by Douglas Dunn). 9.55 Light Piano Music (S). 10.30 EBU Jetz Concert (S). 11.00 News. 11.05 Purcell (S).

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STRAND. 01-835 2660. Evenings 8.00. Mats. Thurs. 3.00. Sat. 5.30 and 8.30. LONGEST RUNNING COMEDY. IN THE WORLD. NO SEX PLEASE WE'RE BRITISH. Directed by Alan Davies. Credit cards 01-835 4143. Group sales Box office 01-879 6061.

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From 8 'clock Dining and Dancing9.30 SUPER REVIE BUBBLY and in
cabart at 11 ANNI ANDERSON.

VAUDEVILLE S. CC. 01-836 9988. Group sales 379 8061, AU-CONSTIONING. Evy 8-0. Set. 5.30 and 8.30. Wed. Mist. 2.45. IAN OCLIVY, SHELLA GISH. JAMES COSSINS IN STAGE STRUCK. A new thriller by Simon Gray. TOT TOGAY AT THESTYS.

PORTUNE. S. CC. 01-836 2238.
EVS. 7.30. Wed. 2.30. Set. 4.00 and
8.00. JAMES AUBREY and PATRICK
MAGGE In Mariow's Masterpiece DR.
FAUSTUS. Now over 100 performances.
GARRICK, CC. 01-836 4601. EVER. 8.00
(Shairp). Frl. and Set. 5.30 and 8.30.
WILLIAM FRANKLYN IN DEATH TRAP. VICTORIA PALACE. CC. 01-828 4735-5-01-834 1317. Eves. 7.30. Mats. Wed. and Sat. 2.45. ANNIE.

Appointments
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well-matched sopranos

were Wendy Eathorne and

Anne Conoley, joined later by

Floretta Voloviai, as a sweetly

persuasive Mater Gloriosa.

Anne Collins, co-opted at short

notice, made a firm, confident

Maria Aegyptiaca, and there

was urgently lyrical singing from David Wilson-Johnson and

In other respects, we had a

sympathetic but mild-mannered

reading Pilbery kept up bold

tempi for the "Veni creator

spiritus" (brass and first violins

following with evident caution).

and managed a fine, exuberant climax. The Goethe movement

might have seemed pedestrian

without the excellent solsists:

granted that sustaining very

slow tempi is hazardous for

non-professionals. Pilbery took

too much of the music with matter-of-fact briskness — not-

ably the final Chorus Mysticus

breadth or to define its shape

over its expansive workings

a bass line of five doublebasses

and trio; when the woodwind

contribution was obscured, and

I would have liked to have

heard more of the trumpets and

tympani in the outer move-

balance was 200d.

ments, but in general internal

More importantly. Kubelik

maintains the traditional Ger-

man seating of the orchestra.

violins separated on either side of the platform, cellos in the

centre playing out into the

auditorium. Mozarr and Mahler

composed with a similar dispo-

sition in mind, and it allows

the phrase structure of not a

symphonies to be heard clearly.

It also enables the bass line

to be strongly projected into the

interpreter, and his #23ding of

the First Symphony is familiar.

This work is well on its way to

replacing Brahm's First & the

players brought the Symphony

uditorium without forcing. Kubelik is a famous Mahler

- either to reveal its full

DAVID MURRAY

Central Hall, Westminster

Mahler's "Symphony of a

Thousand" is among the most

splendid. It is not impossible

to tackle it with less than

professional forces, as Joseph Pilbery proved on Saturday

with his New Westminster

Philharmonic (in aid of the

British National Committee for

Prevention of Blindness). The

visiting Canterbury Choral Society and Canterbury

numerous --- against Mahler's

orchestra

reduced, as it was here) many

a choral entry hardly made

itself felt. What they did was

spirited and musical nonethe-

less; and the professional contingent of soloists, all eight

of them, was strong enough

None of them lost any musi-

cal opportunities, and a short

notice must be inviduous. Ken-

neth Bowen led the "Veni

creator spiritus" with authority

Radio

when British examples are so

notably absent - of what a

broadcasting organisation with

orchestra was conducted by

Rafael Kubelik, who, until his

directed the ensemble for 18

years. The bond between players and conductor remains

strong, and it produced excep-

tional results in a programme

of two symphonies, Mozart's last

modest, purposeful and imagi-

fect, but the relation of parts

to the whole, the overall interpretive approach and the

sense of corporate identity all

come together to give their work distinction. In Mozart's

was admirable. Their numbers

stability can achieve.

retirement last

and Mahler's First.

Their collective

and style: Margaret Cable's out. beautifully placed alto was

carry

. to

Festival Hall

and Can Choristers

insufficiently

(even

Bavarian Radio

The

native. Not everything is per- few important passages in both

auditorium

summer.

Society Cathedral

willing.

virtually

performance

Mahler's Eighth

Symphony

As composed celebrations go, everywhere warm and telling

The

Ian Comboy.

Ludiow Castle

Macbeth

by B. A. YOUNG

"It is a perfect night for it" seem less than usually funny. Lie said as we sat in the sun, initing for the box office to onen at 7.00 pm. Over the ringer-tinted stones of the Castle, the sky showed as much many entrances Mr. Kelsey b'ue as cloud. Not until Act 1 if Macbeth had been going for eve minutes at about 8.35 did and emerges on the other side the gentle rain from heaven frop upon the place beneath. It went on soirs so, gently, the rest of the night and the actors went on acting and most of the audience went on watching them. I felt much admiration for both parties.

. It maybe, though, that performances were not at their best. Ludlow Castle is a remarkable place for sound; voices bounce off the walls beautifully. and the further you are from the stage the better you hear them. But the hiss of rain on plastic rainwear can not have been an encouragement to the players, and I suspect they were tending to shout across it.

The production under David

Relsey stresses the super-natural. When Macbeth has a decision to make, the witches appear silently up stage; it is a witch that holds before, or rather behind, him the "dagger of the mind" (though Simon MacCorkindale's Macbeth seems not to see it in his subsequent apostrophe). We have the scene with Hecate put in by Middleton

The open air stage is in the shape of a giant crab, with four legs climbing the upstage wall, where they conceal some of the uses. (At one point Seyton passes behind one of these legs as a witch). A vast table lifts itself from the level area for the banquet; blood-boltered Banquo (Malcolm Mudie) walks boldly along it among the haggis and bashed neeps, invisible to anyone but MacBeth. is handsome and heroic in

Mr. MacCorkindale's Macbeth appearance and operatic in delivery. He chops the verse about, sacrificing sense for orchestral brilliance, illustrating it with grand but not always meaningful gestures. As his wife, Gayle Hunnicutt is equally heroic to look at, splendidly girt in a belted scarlet dress and speaking with a ringing intelligence. She too uses some unsual readings, but to more purpose. "If we should fail," Macbeth wonders. "We? Fail?" Miss Hunnicutt rebukes him contemptuously. There is a Duncan still warlike in his old age by John Rutland, and a Banquo the essence of military rectitude by Mr. Mudie.

I now have to admit with shame, that the rain and the prospect of a long drive home or whoever a was and rather in it lured me away from the interestingly, Seyton (alias castle, while the Scottish nobles Satan) is also the Porter, a were conferring at the English chamberlain who haunts the court, and I stood not upon court to order its proceedings. the order of my going. If any This combination isn't easy for of the company feel I've given Antony Linford; he suggests the them a rough deal, though I evil beneath his courtly don't think I have, I offer them behaviour but the Porter's jokes my apologies.

Teatro de la Zarzuela, Madrid

El Poeta

by ELIZABETH FORBES

of Opera in Madrid, which earlier presented ad hoc stagings of Macbeth, Turandot, La Bohème, Maria Stuarda and Pelleas et Mélisande, as well as three production by the German will triumph. State Opera from East Berlin, of Tannhäuser, Rosenkavalier and Don Giovanni, ended with three performances of a new opera, El Poeta, by the veteran Spanish composer Federico Moreno Torroba. Given in the pleasant, 1,200-seat Teatro de la Zarzuela, El Poeta was composed especially for Placido Domingo, and the Spanish tenor sings the title role of José de

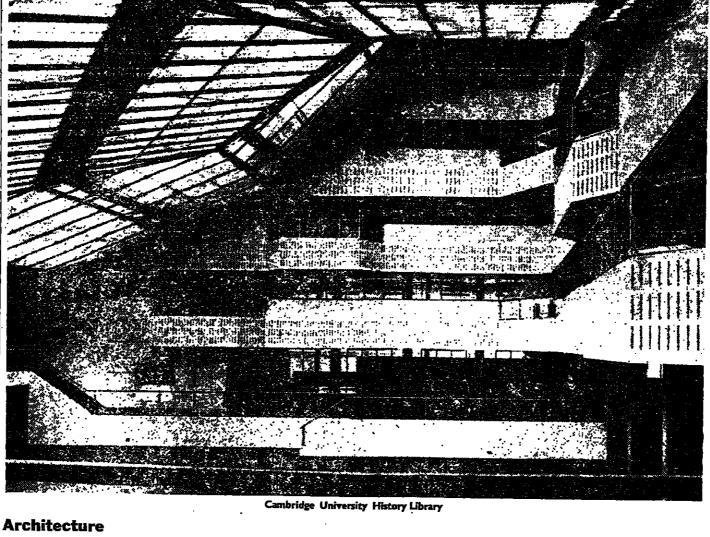
Moreno Torroba, now aged 39, has written several popular Zarzuelas (the Spanish equivalent of operetta), among them the well-known Luisa Fernanda but this is his first throughcomposed opera. Its romantic musical idiom would have been considered old fashioned at the turn of the century, but at least the score has an individual style and flavour to it, and is not just watered-down Puccini. Apart from · some traditional dances, there is little specifically Spanish in either the rhythm or orchestral colouring of El Poeta, but the libretto, by José Mendez Herrera, certainly has national-

of a group of Spanish exiles relying more on subtlety of driven out of their country in expression and less on sheer the 1820s by the despotic regime volume of sound than she some of King Fernando VII. When times does. Teresa, a paler the opera begins the exiles are figure, is sympathetically porliving in Portugal, where José trayed by Carmen Bustamente, meets and is immediately who responds well to the attracted by the young and stimulus of the duets with beautiful Teresa Mancha who. José. The many minor roles are together with her father and adequately filled. The opera was sister has just fled from Spain. received with cheers and a few Teresa is unwell after the hisses-whether the latter were journey, and José falls under occasioned by the liberalism of the spell of Carmen Osorio, who the text or the conservatism of vague and defensive. Dodge's and has the Father in tow. becomes the poet's patroness, the music, I am unable to say, wife, aggressive and flighty, is

The two-month long Festival following him to France when the Spaniards are forced to leave Portugal. In Bordeaux José re-encounters Teresa, now married to an elderly husband, but Carmen remains confident that her influence over the poet

An amnesty allows the political exiles to return to Spain, and at a celebration in Madrid José and Teresa, the latter now widowed, meet again and declare their love. The poet, who has been unable to write, finds new inspiration in Teresa. but she is stabbed by the jealous Carmen outside a café where José has remained to finish a poem. His inspiration is dead. The rudimentary production, mainly poor sets and unflattering costumes which the opera is presented, are fortunately offset by a fine musical performance under Luis Antonio Garcia Navarro (who conducted La Bohème a Covent Garden last year). Not afraid to accentuate the Placido Domingo, in a part

romanticism or the melodiousness of the score, he secures colourful playing from the Spanish National Orchestra. tailor-made for him, sings-José's impassioned outbursts of love and patriotism with great fervency, his voice displayed to best advantage. A stronger proistic overtones that touch sensi-tive chords in a Spanish the poet's character. As Carmen, Angeles Gulin scales down José de Espronceda is one her huge voice appropriately.



The Gold Standard by COLIN AMERY

architects have ever heard of work. The meticulous coloured Jim Stirling. He is the man who drawings of ships' machinery has just been awarded by the Queen the Royal Gold Medal for Architecture. Her Majesty fect. doesn't often give this medal pool away herself and this year she allowed the President of the Royal Institute of British Architects to place the gold medal on its blue ribbon around the not insubstantial neck of Mr. In the architectural world,

both in Britain and America. Stirling is synonymous with a lucid style of architectural design that has produced drawings and buildings that combine space, structure and mechanical detail into a series of forms that are both original and beautiful. He is much better known abroad and has at the present moment schemes on the drawing board for three on the campus or from the swooping glass roof that rises. American universities and railway, is a staggering per- up to the height of a five storey several buildings in Germany, formance in red brick, in-building. He has recently received a long dustrial glazing and red tiles.

a marine engineer and the

Rockwell," Shelly giggles when

Vince brings her to his grand-

moving into senility; he lies

furniture in the room, wearing

a cap in case his son Bradley

his hair. Vince's father Tilden,

Bradley's elder brother, is even

further out of his mind than

Dodge: he has a mysterious

stain on his record and his only

actions now are to bring in arm-

loads of corn or carrots from

the plantation that the rest of

the family won't believe exists.

Hampstead

Very few people who are not 1927 because of his father's engineering skill and his ability them, as though he was joking that were around the family home became an important influence on the embryo archi-He trained at the Liver-University School of Architecture and set up as an architect in private practice in London when he was 30. In the early years as a private archi-tect he was in partnership with James Gowan and they jointly Andrews. produced the most famous early "Stirling" building, the Leicester University Engineer-

> It was this building that and showed the world that the fossilised rigidities excitement. The

Buried Child

parents' home in rural Illinois, for ten years, is so appalled by evening, clues are dropped in the state of his family that, conversation. "My flesh and

Vince's grandfather Dodge is drives off into the night, leaving son once but we buried him,

immobile on the sofa which is so silly as you might deduce day when Dodge took a tiny

the morning she has survived

a cap in case his son Bradley the mad proximity of Dodge vealed at the end of the play in should want to come and cut and Bradley (the others having honest Saturday Evening Post

disappeared) and actually tries

fighting drunk; and when

Dodge's wife Halie returns she

has changed from her black

mourning (for her middle son

Ansell, whom she believes died

heroically in the Army, though

Shelly may have been wrong

Father Dewis.

the only substantial item of from her first appearance; by

three dimensional unity saves the day. From Leicester he went on

to design several university

buildings in this country-the Florey building for Queens College. Oxford, the History Faculty Library for the University of Cambridge and some residential accommodation for the University of St. The History Library at Cam-

bridge has been one of his most controversial buildings: it is ing Faculty completed in 1963, both loved and hated by those who use it. The building is a broke the sound barriers of the series of separate elements; Modern Movement in Britain lifts, stairs and a large tentshaped roof that covers the great reading room. This room modernism could be cast off in is one of the best interior favour of a new intellectual spaces that a modern architect Leicester has produced in England: a fanbuilding, and you cannot miss it shaped room covered by a

Its critics complain that the overdue official commission. The towers are balanced by room is hot and uncomfortable from the Government to design cantilevered lecture theatres to use and no one can deny the new building for the Tate and there is a daring display that it is a wilful conception Gallery to house the Turner of angular forms that is, at one that depends for its success on family moved to Liverpool in fall from the wall bars but his a rather reticent humour about buildings abroad.

Vince, who hasn't been home Post about it. Throughout the casting. Assume that Vince is

baby and drowned it like a

puppy. The awful truth is re-

Dodge leaves his farm to Vince

and dies, while Shelly drives

away in Vince's car. To cap it

all. Tilden comes in bearing the

dug-up body of his child.

The baby was Halie's,

to see the whole building as a politely about modern architecture.

> tainly not polite and it is too a sense of responsibility and experimental to be seen as anything other than a boldly original conceit.

During the 1970s much of his work came about through international competitions although he completed an important building for Olivetti at Haslemere in Surrey where he enjoyed using the flexible qualities of glass-reinforced plas-tic materials. He also defined his formal planning vocabulary in a large public housing scheme for Runcorn New Town. Germany has been a particularly fruitful source of competition ideas, and proposals for a new Stattsgalerie and Cham-ber Theatre in Stuttgart are now

public bodies gave a start to a career that has to date been Glasgow in 1926: his father was gymnastics; there are moments ings designed by Sir Hugh would be a tragedy if this gold when you think that he could Casson that today seem to have medallist built all his best

about 20, and Shelly the same;

then Tilder will be in his forties

well, but Stephen Rea as Dodge,

Neil Johnston as Tilden and

Tony Rohr as Bradley all look

about the same age, and you

wouldn't say there was more

than a decade between Julie

Covington's Shelly and Marty Cruickshank's Halie. This

doesn't stop them from provid-

ing some good acting, even if

there are times when it's advis-

Harold Pinter's early play

The Hothouse, this theatre's last incumbent, has now moved

able not to look too closely.

under construction.

feeling of Saturday Evening director, has done some curious

The artificial quality of the into the West End and opened

story didn't worry me at all; I on Wednesday at the Ambas-

throughout, largely because of page on May 3.

CRICKET BY TREVOR BAILEY

thought the evening fascinating sadors. I reviewed it on this

Friday night's visit by the Mozart, which was founded on Bavarian Orchestra to the Festival Hall and six cellos. There were proved a timely reminder—just times, notably in the minuet

Stirling's building is cer-

41st Symphony as much attention was paid to the endings of The award of the Royal Gold never clipped the music's Calling Card, but despite such over exposure, the imaginatively of carefully built up and the controlled response of the carefully built up and the careful and the carefully built up and the careful Medal has come quite early in Mr. Stirling's career and it is to he hoped that it is only the prelude to what really matters to an architect, that is commissions. British firms and Bequest.

Jim Stirling, as he has become familiarly known, was born in was really playing architectural among the Arts faculty build- is an international business it

RICHARD JOSEPH were wisely restricted in the

Wigmore Hall

Renato Bruson

Respighi" said the hand-out for London recital, on Friday evensented by three songs each, no arias. The other composers provided one item apiece, as did the unbilled Piccinni and J. P. ("Plaisir d'amour") Martini. The equally unannounced Tosti himself, with seven songs. The sequence was clumsy. Three successive Donizetti ditties in vivacious triple time would have sounded less monotonous if they

had alternated with the more various Verdi. At the piano, Craig Sheppard spade the most of every meagre chance offered by the accompaniments. Tosti is not to be despised. But he needs as well as beauti-

ful tone (Bruson's voice, dark and luxurious as velvet, sometimes recalled records of Emilio de Gogorza, husband of Emma Eames) elegance of expression for the salon side and sparkiness for the local colour—both absent on Friday. Bruson sang Tosti as if he were afraid of vulgarity.

"Songs and arias by Scarlatti, and the music went droopy, uck. Donizetti, Verdi, Singing from the notes (though without making much of the the baritone Bruson's first words) did not help: can it really be so difficult for a leading. So far, so good. In fact ing artist with many of the Donizetti and Verdi were repre- greatest baritone roles in his repertory to get these trifles by heart? The respleadent performer admired at Covent Garden and heard only once, in Germont's had most of the second half to aria from La traviata, given as an encore. These star recitals

> less, frequent as the stars' vociferous fans find it ever harder to pay for opera tickets. serious reputation triumphantly re-established, the management should perhaps consider tactful advance vetting of programmes. The main difficulty presumably comes with the Italians, shy of the German and repertoires. Even so the old type of opera singers' programme, stuffed with wellknown arias, is preferable to such a diffident hid for musical respectability as this one. What

a waste!

RONALD CRICHTON

TENNIS BY JOHN BARRETT

Wimbledon still 65 games behind

THE ONLY winner during. Wimbledon's first week was the weather — and, perhaps, the caterers, whose alarming prices surprisingly deterred only a handful of the frustrated spectators who also spent record sums in the Wimbledon Shop.

Only one of the six days was uninterrupted by raio, and despite three mid-day starts that should have provided six extra hours of play, the backing of matches, which on Thursday had swollen to 100, is still 65.

Both singles are one full pion turned his way in the 12th round short of the quarter-finals game to win 6-4, 6-7, 6-1, which normally begin today for the women and tomorrow for the men. Thus the customary days of rest which second week survivors normally enjoy, will those who remembered the be denied them. Even assuming . women's finalists can look forward to a day to recharge batteries, though the men will be back to normal by the semi-

finals stage. All of this will place an extra strain on nerve and sinew already stretched by the frustrations of a fitful first week, broke service with two where even such outstanding scorching winners. favourites as the top men's and unexpectedly.

enterprising opponent in Shlomo Glickstein of Israel, who had unexpectedly beaten Raul Ramirez (México) in five sets, was fully extended on Saturday by Rod Frawley. The way this fast improving Australian took charge of the second-set tiebreak with old-fashioned serve and volley, was heartening. Nor. was he outplayed in the fourth set which the Swedish cham-

That Martina Navratilova should have lost a set to Tanya Harford, was less surprising, for South African girl's match no more interruptions only the against the champion of the opening day last year when she achieved as much had been impressed by her potential on fast courts. At 3-3 in the final set on Saturday on a soft and unpredictable Court 2, a major distinctly became upset possible, but Miss Navratilova

The survival of two qualifiers, women's seeds were losing sets 33-year-old Onny Parun (New

difficult third set against an and

Bjorn Borg having survived a three operations on his neck, ifficult third set against an and the 22-year-old South African, Kevin Curren, the U.S. collegiate champion — was remarkable.

That No. 13 seed Wojek Fibak of Poland should have survived the four match-points against him in the opening round was equally remarkable. Two years ago his opponent, the big Australian Mark Edmondson. led Borg by two seats to love on Court 14. This time, on one match point, Edmondson had the whole court at his mercy, but slipped and missed the ball altogether.

The peak of excitement came on Friday when a little-known Australian, Terry Rocavert, caught the No. 2 seed, John McEnroe on an off-day on the noisy Court 3. In the fourth set tie-break, Rocavert broke the American's serve to lead 2-1, and was just five points away from a famous victory. But thanks to a double-fault racket arm, McEnroe escaped and a tightening of Rocavert's and on Saturday looked a different player as he blasted out Holland's Tom Okker 6—0,

7—6. 6—1. seeded girls in the last 16, and Of the 14 mens' seeds who most of the fourth-round Zealand), who has endured started, only eight survive. Two matches look predictable.

meet today-Vitas Gerulaitis (4) and Fibak (13). Two unseeded players face one another-Brian Gottfried, who beat fellow American Stan Smith, No. 15 seed, and Australia's Phil Dent who dismissed the No. 8 seed, Victor Pecci (Paraguay).

The winners of these two matches meet in the quarterfinals tomorrow, in the top half of the draw. Above them Borg seems likely to face the No. 6 seed. Gene Mayer (U.S.) tomorrow.

In the lower half, Roscoe Tanner who looked very sharp indeed on Saturday in beating Paul McNamee (Australia) 7—6, 6—4, 6—4, plays the tired Saviano, prior to his expected explosive clash against Jimmy Connors, who must first beat fellow American Hank Pfister, who eliminated his doubles partner, Victor Amaya, seeded 14. on Monday.

Below, Peter Fleming (U.S.) the No. 7 seed should end the hopes of Parun, to meet his doubles pariner McEnroe. There are only four nonseeded girls in the last 16, and

Good prospects for Northants NORTHAMPTONSHIRE qualified to meet the holders, Essex, in the Benson and Hedges final finals which both upset the form book. Although Northants were

"It's like a cover by Norman prone to spending nights away about the Rockwell cover, but the quality of the playing. All tockwell," Shelly giggles when from home in the company of Sam Shepard's play has a good the same. Nancy Meckler, the

freckle-faced kids and a lovable when Dodge asks him to go and blood is buried in the back- and Dodge verging on 70.

little mongrel dog. She is wrong. buy some whisky, he simply yard." says Dodge. "I had a Philip Davis fits Vince very

Shelly to look after herself, mumbled Tilden. And Tilden

She is a confident girl, and not says more, he tells Shelly of the

to make her unwilling hosts but the father was Tilden; and comfortable. Vince comes back to round the tale off tidily,

losing Gillette finalists last Williams, the most promising, abroad. year and have been performing Larkins, the most exciting, and impressively, their 11-run victory in a splendidly contested most talented. match came as a surprise, because- their opponents. Middlesex, are not only the most powerful county but this was also their first defeat in any form of the game.

Handicapped by several niggling injuries, with Lever in the semi-final. less penetrative than usual, Philip out of form and Turner injured, Essex had been losing week, was used because the rest matches to teams, especially in of the square was wet. Any the Sunday league, whom at other pitch would have been Northants, mainly through the beat comfortably.

possess a fine batting line-up of final at stake? match-winning batemen, while unexpected, and should prove a continue to dominate our an early collapse, and later rain fall.

in limited-over cricket stems at Lords on July 19 after semi- largely from five well-above-

> They are at their most dangerous on an easy-paced pitch, where their batting quintet reckon to outscore the opposition in the overs available, and this is exactly what Middlesex generously provided

the South African, Lamb, the

The covered Test wicket, still without malice and life after a

Barbados has sharpened their scorers in the two semi-finals, developed into one of the best eight wickets with four overs to Gatting, to be homegrown because Sarfraz, their one

The good record of Northants accomplished batsman as well as the best bowler in the Northants XI and an opening average batsmen. Cook, the bowler for both Essex and soundest, Willey, currently a Worcester, in addition to key member of the England team, strokemakers, come from

> tour. This had given them the mer. most formidable new ball Africa for Notts.

their best they would expect to difficult and must have suited efforts of Williams and the home side. I wonder how Larkins, huilt up a reasonable In these circumstances they many other counties would have though hardly match-winning cannot have been too confident been so considerate to their score. Even so, it proved against Worcestershire, who opponents with a place in the enough, despite an innings of rare skill, strokes and impro-Although it was pleasing and visation from Gatting in which

On the placid Lords pitch,

settled the issue with a decisive final burst just when it seemed that Gatting had succeeded in steering the Londoners home.

In his second spell Sarfraz removed three of the last four batsmen in seven deliveries for two runs and caught the other The main reason for Middle- to finish with five wickets for sex's outstanding record this 21 off 11 overs-a bowling persummer has been the signing formance which is unlikely to of Vanderbijl, as cover for be surpassed, considering the Daniel, who was expected to be wicket and the occasion, in picked for the West Indian limited overs cricket this sum-

It was always probable that partnership on the domestic the other semi-final which circuit, with the possible excep- straddled three days because of tion of Hadlee from New Zea- rain would largely depend on land and Rice from South which of the four major strokemakers, Gooch and the South African McEwan for Esse., and the New Zealander, Turner, and Younis from Pakistan for Worcestershire provided the big innings, as neither attack was likely to dismiss the opposition on a friendly pitch.

On this occasion Gooch obliged with a majestic 81. It the arrival of Alleyne from rather a change for the highest he demonstrated that he has not only set up the victory but was collected with a speed and attack. The size of their win by Gooch, Ormrod, Williams and middle-order batsmen around, assurance that made sure his team were always ahead of the spare was therefore somewhat talent, overseas players do still genuine class bowler, caused opposition's run-rate should

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Recession and protectionism

"WE ARE resolved further to members' jobs. but also from strengthen the open world trad-; industrialists and sometimes ing system. We will resist from politicians with an eye on pressures for protectionist their constituency interests. actions, which can only be self-! Even multinationals like Ford, defeating and aggravate infla- which were once thought allfion. So the leaders of the key; powerful, are now acknow-industrial democracies con-ledging their vulnerability. The industrial democracies con-; cluded at their economic sumlouder as the recession deepens.

mit meeting in Venice last week. It is not the first time that; such sentiments have been industrialised countries have been declaring their determinafree (or at least free-ish) trade., On the whole, they have stuck? for example, and perhaps a cer-Third World. But, in general, their policies are not notably more protectionist than they were a few years ago.

Pledges

In 1980, however, the pledges are coming under strain. Rarely can there have been such a potential conflict between the internationalist desire to resist protectionism and the need to cope with domestic recession. The depth of the American recession has become increasingly clear in the last few months, though its duration remains uncertain. The same is: true of Britain. But it is not just an Anglo-American pheno-West German growth scaled down, while the Japanese economic performance is huoyed up largely by exports. There is now a strong possiwill be in recession at the same time, which was not the case in the 1970s. There is also a degree of inflation—not just in Britain and the U.S., but even in West Germany-that is not usually essociated with an economic

Competition

country to country. It is not heafd for a respite from unionists fearful for their economic benefit even at home.

ery for help is likely to get

uttered. Ever since the first oil give in. Yet if the demand for shock in 1973, the Western protection seems bound to tion to uphold the principles of resisted. There is no reason to to their pledges pretty well, the contrary, it is more likely There has been the occasional, to increase it because it will lapse here and there: on textiles, reduce competition. Does anytain lack of generosity towards: produce better and cheaper cars the developing industries of the; if the Japanese and the Europeans were eliminated from the British market, or that Chrysler there were no Toyotas in America? The fault lies at home and will be compounded if competition is reduced.

There is also a humanitarian side. Many of the imports to which those who call for controls object (though not the consumers who buy them) come from countries which are poorer than we are. Does one encourage third world development, or technological progress, by turning away cheap

Protection tends to breed protection. In the U.S. demands for controls come from different states with different economic forecasts are being steadily interests. If President Carter, who has so far done well to resist, were to give way to one state or one sector, he would he under pressure to do the bility that the major economies same for others. The same process could be repeated on an

The reaction is similar from stances. Keeping out each untry to country. It is not other's exports, or turning on ohly in Britain where the cry is the exports of the third world, imports of textiles, cars, steel Protection might provide shortand various consumer goods, term benefits for employment, The same refrain is at least as but the international political voluble in the U.S. Moreover, costs would be severe. Nor it comes not only from trades would there be any long term

Tragic victim of power game

from war after the Americans oulled out their troops from Vietnam in 1975. That withbring down the curtain on more now, in both Afghanistan and renewing the dialogue with Indochina, the U.S. and the Hanoi. Malaysia and Indonesia involved in a test of strengthand one made more dangerous because the Chinese are also a narty to the conflict.

The U.S. decision, to speed up the supply of arms to Thailand ollowing the recent Vietnamese incursion into Thailand, and the strong statement issued at the weekend by Mr. Edmund Muskie, the U.S. Secretary for State, condemning the Victattack reflect the parallels in the U.S. view of the mportance of standing up to the Russians both in South East Asia (where the Vietnamese are protected by a treaty of friend-hip with Russia) and in thip with Russia) and in Their next move is likely to Afghanistan and the Gulf be a new offensive against

The debt of rivalry forbodes a continuing period of instability in two parts of the world critical to the West as major oil or commodity suppliers.

Warning !

The Vietnamese raid into Thailand was probably intended as no more than a sharp warning to the Thais. The Vietnamese become increasingly anxious at the amount of support the Thais have been providing Khmer Rouge forces epposed to the Vietnamese acked regime in Kampuchea. Bangkok's decision earlier this month, therefore, to repatriate to Kampuchea refugees who clearly included a large number rested Khmer Rouge cregulars was taken by Vietnam

as an intolerable provocation. The Vietnamese struck back in the only way they know. But the blame for the incident by no means lies with the Thais. They have had to put up with the intolerable strain of large numbers of Kampucheans effectively forced across the border by the Vietnamese and whom the Vietnamese hoped to use as a bargaining counter in any acgotiations over a political settlement in Kampuchea.

The chances of such a settlement seemed moderately hopeful only a few months ago, but after the Vietnamese attack, the five member Association of ters were meeting last week, another famine,

At their gathering in Kuala Lumpur, the ASEAN states — Thailand. Malaysia, Indonesia. grawal at the time seemed to the Philippines and Singapore —talked as much about than two decades of great power strengthening military co-operarivalry on the continent. But tion against Vietnam as about Soviet Union see themselves until recently have been anxious for an accommodation with the feeling that over the long run the Chinese are more of a threat to South-East Asia than Vietnam," and they may well

Determination

Like the Russians in Afghanistan, the Vietnamese are finding in Indochina is that they have bitten off more than they can chew. In pursuit of what has been an historic goal, the Vietnamese seem determined to assert their control over Laos and Kampuchea to establish an Indochina Federation.

Khmer Rouge forces holding out Kampuchea. -But the cost of such operations is proving immense, with the Vietnamese having to support the third largest army in the world from three economies close to collapse. The only substantial foreign assistance is coming

tain pressure on Vietnam -Northern border or indirectly through Kampuchen and Laos -so as to undermine the Vietnamese regime and pry Hanoi

away from the Russians. The tragedy of this power game is that it is being played out in complete disregard of the appalling suffering in Kampuchea which has already gone through worse hardships than probably any other nation in the

of the Thai-Vietnamese conflict has been to halt the flow of aid across the Thai frontier into Kampuchea where all international aid agencies are reporting an increasingly alarming food shortage. The first priority of the international community Association of must be to see what can be Asian nations done to eleviate the suffering

There is no sign so far that governments are preparing to increase, it is worth marshalling the argument why it should be believe that keeping out foreign goods will reduce inflation. On the contrary, it is more likely one really think that BL would would be in any better shape if

third world exports?

international basis.

There remains the political argument. The objective of the economic summits is to hold together the industrial democracies in the face of adverse economic and security circumis no way to achieve this unity.

ASIA had only a brief respite rallied behind Thailand.

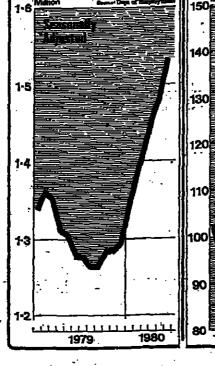
resume this stance.

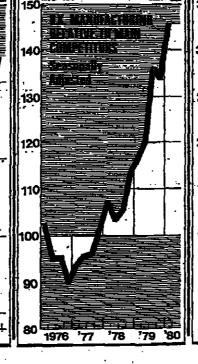
from Russia and its COMECON

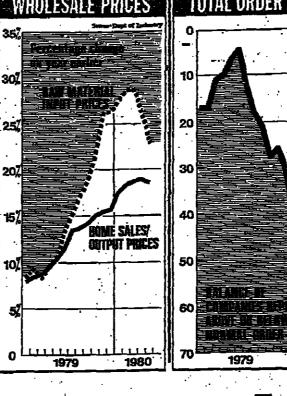
The Chinese are detexmined not to let Vietnam off the hook. They have no wish to see a strongly established pro-Russian nower on their southern border. Their long-trem aim is to maindirectly through the threat of an attack on Vietnam's

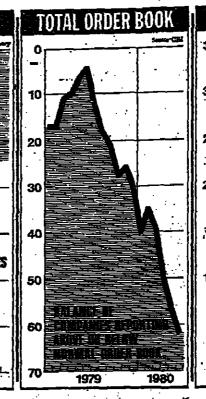
world today.

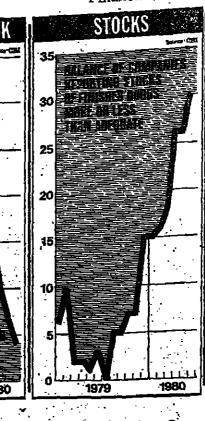
The immediate consequence (ASEAN), whose foreign minis- in Kampuchea and to prevent

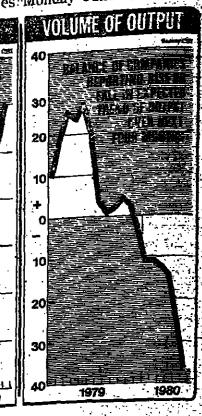












The month the orders dried up

BY PETER RIDDELL, Economics Correspondent

PRIL was the cruellest Amonth this year for much of British industry. Suddenly and brutally business was forced to come to terms with the recession. Inquiries dried up, order books shortened and companies were forced to cut back in face of a tightening squeeze on liquidity.

The full cost of the downturn has become increasingly clear during the past fortnight. Almost daily, companies with household names have announced large cuts in their workforce. In the past week alone the list has included Burton Group (750 jobs), Ford UK (2,300 jobs), Delta Metal (400 jobs), Fodens (630 jobs), BSR (2,300 jobs) and GKN (2.000 jobs), as well as many smaller-scale redun-

The impact is now being reflected in the official statistics: For instance, industrial output in April was 41 per cent lower than a year earlier and nearly oer cent less even than during the strike-affected previous six months. Since then—to judge by the gloomy indications from industrial trends and business opinion surveys-there is no doubt that production has fallen further. The most dramatic and

politically sensitive consequences are in the labour market. Apart from a doubling of redundancies during the last vear, companies have also been cutting back on new recruit-The result has been an accelerating_growth of unemployment. Even after allowing for the summer bulge of school leavers and seasonal fluctuations, the rise of almost 51,000 in adult unemployment in the month to mid-June was the largest since the depths of the last recession in 1975. by 272,000 to 1.53m in the last nine months—a 21½ per cent rise. Almost all officials and within the next 12 to 18 months

Nothing of what has happened is in any way surprising or as sudden as the impressions of industrialists and the recent large lay-offs might suggest. Businessmen may now be complaining that, however much they approve of the Tories' cuts in income tax and their fight

against inflation, they did not vote for the destruction of Britain's manufacturing base. Who did?

But at the very least a tight squeeze on industry is precisely what could be expected from a reliance on monetary policy to cut a high rate of inflation. The only real surprise is that it has taken so long for the squeeze to make such an impact on out-

put and on jobs. The gloom should not, however, be overdone. The brunt of the recession has so far fallen mainly on manufacturing industry, which employs less

Businessmen did not vote for the destruction of Britain's

manufacturing base

than a third of the total UK workforce. Even within manufacturing the survival of most companies is not seriously Moreover. threatened. consumer is benefiting from the very factors which are hitting manufacturing a strong pound and competitive curbs on price

Industry started to be squeezed two years ago as a result of both the acceleration in the growth of labour costs and the rise in the pound.

The result is that unit labour costs in British manufacturing rose by more than 40 per cent compared with costs abroad between the low point for sterling in autumn 1976 and this spring. The deterioration This British goods meant that im- The result has been a steady ports accounted for around three-quarters of the increase in UK demand last year. But British industry was not altoeconomists now concede that gether by-passed and output the 2m. mark will be passed still increased, albeit slowly. Many industrialists a year

lands businessmen quoted in

business confidence." However, official statistics suggest that this was just the time when economic activity started to turn down. Vacancies notified to Department of Employment offices-aiways a good pointer to economic trends started to fall in June, 1979 and unemployment began to rise

in the autumn. Some companies were already under severe pressure in this period. The textile, leather and clothing sector is particularly exposed to the impact of the strong pound since many of its goods are sold in highly competitive big volume markets with low profit margins. Its output started to decline in the summer of 1979 and by the first three months of this year had already dropped by a tenth and was still falling.

For most of the rest of industry the end of the steel strike at the beginning of April was the turning point. The expected pick-up in demend did not materialise. Instead, com-panies were faced with a cutback in orders from both home and abroad. There appears to have been a worldwide downturn in economic activity in the spring-first and most dramatically in the U.S. where industrial output fell by more than 4 per cent in two months and more recently also in West Germany and France.

Within the UK consumer demand started to decline in late March and early April. In part confidence may have been undermined by the rise in unemployment. Moreover purchasing power was squeezed by the sharp rise in local authority rates and rents and in nationin the competitive position of alised industry prices in April sales—down 21 per cent be-tween Japuary and May—and a sharp fall in new car registra-

The impact on output has ben much larger than the fall ago appeared to share the quali- in demand. This is because fied optimism of the East Mid- companies have slashed their orders from suppliers by more the CBI's economic situation than their sales to customers report at end-June, 1979. They to reduce excessive stocks of said activity had picked up raw materials, work in progress "quite well" from the effects and finished goods. New orders

this year and there have been reports in the last week of a drop in sales of some chemicals in the UK of as much as 40 per cent in recent months. In the consumer goods sector domestic furniture deliveries fell by a tenth between March and April alone.

Demand and output are still falling. The June CBI monthly trends enquiry last week reported a sharp increase over the last couple of months in the number of companies with order books below normal and expecting a decline in the volume of output during the next four

The length and depth of the recession are obviously impossible to determine. An adjustment in stock levels typically lasts for one or two years. But this time the starting point was a record level of stocks relative to output. Somewhat unexpectedly manufacturing industry managed to cut its stocks by a record amount between December and the end of March. There was also a big drop in retailers' stocks in April. In large measure this is a direct result of the record level of interest rates which makes it very expensive to hold stocks.
The pressures have been pressures have been reflected in the wave of pricecutting campaigns launched by major retailers in the last fort-

A reduction in stock levels accounts for most of the 21 per.

But the survival of most companies is not seriously threatened

cent drop in the total output this year forecast by the Treasury in March. The expectation of most economists is that there will be a further, though smaller, drop in output next year but that the level of activity will bottom out in the late summer of 1981. For instance in its Economic Out-look published to-day the London Business School says it expects world-output to start of the winter strikes and that in the machine tool industry recovering in the second half there was "an atmosphere of have dropped by over a tenth of 1981 and domestic demand

may also pick-up after a possible slowdown in the inflation rate. Yet on the Business School's view it would take until the end of 1982 to regain the pre-Budget level of total output, including the still growing North Sea oil

sector.

The generally bleak picture so far presented has been only from one side—that of the producer groups. There is another side to the picture—that of the consumer. The rise in the pound which hits textile manufacturers also reduces the relative cost of clothing to the consumer It is no coincidence that prices of clothing and footwear have risen less than two-thirds as fast as retail prices generally in the last year.

Similarly, last week's CBI report that the proportion of manufacturing companies expecting to increase their domes tic selling prices was the lowest for more than seven years might have been a bad omen for industrial profits but it was good news for the consumer. There could be a short-lived

squeeze on real incomes and consumer spending if nominal vage increases are successfully held below the rate of price inflation during the coming pay round. But during the first half of the 1980s it is probable that the combination of North Sea oil and a relatively strong pound will sustain average living standards, in contrast to the mid-1970s when real, incomes and spending fell sharply.

Consequently, many people working outside manufacturing and living in the southern half of Britain may hardly feel the pinch of the recession.

Any rise in average living standards is, however, unlikely to match the pace of the 13 per cent increase betwen 1977 and

This may be a necessary antidote to the current hysteria but it is of scant immediate comfort to either politicians or indus-trialists. For them the central questions are whether the Government's policies will suc-ced in reducing the inflation rate and what will be the impact on the structure of British in-

tight monetary squeeze has so months.

far affected earnings growth only in the more exposed parts of manufacturing and pay increases have accelerated in the rest of the private sector and in the public sector. But the 12-month rate of increase in retail prices is likely to have passed its peak. This is not only because of the absence of large exceptional factors such as last year's increase in VAT buta iso because price rises are being constrained by the com-petitive pressures of the recession. Whether and when,

Consumers are benefiting from the factors hitting manufacturing

12 month , rate currently

21.9 per cent—can be reduced to single figures is anyone's

The impact on industry's structure is even less certain. The evidence so far suggests that companies, particularly the larger ones, have learnt from the events of 1974 75 and, in order to protect their financial position, they have shed labour and reduced stocks and investment more rapidly than in past recessions. Such precautionary action could limit the decline in profits and liquidity though at the immediate cost of lower output and employment. The key issue is whether this merely means a long overdue slimming of overmanned and inefficient operations or whether it represents a permanent rundown of basically viable businesses.

The dilemma of industrialists quoted in the latest FT survey of business opinion "In the long term I know Margaret Thatcher is dong the right thing but I am worried about whether British industry will survive in the short form." On present evidence the fears about the creation of an industrial wasteland are likely to be exaggerated. But there is also no doubt that the squeeze on in-On the first question, the dustry and the loss of jobs will Government's record is poor. A increase over the next few

A Marie Commission of the Comm

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MEN AND

New meaning for staff screening

for office workers given to taking time out of the office for shopping, hair-dos and the exercise of other extra-mural rights." This is the impression gathered during a fleeting. blurred (champague was served) and slightly alarming trip into the future, courtesy of the Star Computer Group. Star has automated its own administration in London with mind to persuading customers to follow suit, and now claims

to run Britain's first wholly-

electronic office.

Almost all the 50-odd staff sit at desks equipped with individual television screens and keyboards. Linked to a computer, the inter-desk network is intended to cut out paperwork and speed up the often tortuous and tedious processes of daily administration. Memos, for example, are called up on the screen. Rough drafts of letters and documents—which cannot be typed until they have been —are no longer necessary since the boss can summon up to his own screen what his subordinates have prepared.

The alarming thing is that staff are supposed to tell the computer where they are going

work station" as the office-ofthe-future people insist on calling it. Provided they are honest (and who would be foolhardy enough to mislead a machine?) The chips are down, it seems, they can be tracked down at a

press of a button. But not all, I am heartened to report, is silicon sophistica-tion. Amid all the chip-age ironmongery which dominates Star's futuristic office stands a good old-fashioned telephone exchange. Tall, sturdy and stuffed with clumsy plugs and laced about with wires it would not look out of place in the Science Museum.

Weeding out

There is a scurrilous tale circulating in the City about the executives of a certain mer-chant bank who have a set of house rules governing the granting of loans. Funds will not be advanced under any circumstances. I am told: If the applicant is an Andorran:

If the applicant offers security without being asked for it. or If the applicant has been recommended by the bank's direc-

Squeezed

ast week's much-dissected Committee report included a terse, sad counterpoint to the complaints of jobber Wedd and Owen which vacated its pitch in the Stock Exchange the day before publication of Sir Harold's 500,000word offering.

The committee and the firm both blamed the thinning of actual day." he says, " and then jobbers' rangs on dear money. costs rising faster than inflation and volatility in the markets. As if to make matters worse, the London Clearing Banks Association has raised the lower limit for "town" clearance of cheques from £5,000 to £10,000.

are finding themselves pinched almost entirely in the hands of in yet another portion of their the board of its captor, Dalgety. body financial.

Rowe's raiders

I am beginning to develop a feeling verging on admiration for stockbrokers Rowe and Pitman, the City's own commandos. The firm has commanded seven out of eight of the latest "dawn raids" the share market (including the famous assault on Consolidated Gold Fields).

Most of the raids, with an before half the City has had a chance to pour its first morning coffee. Not all the operations end as neatly as they begin, though. Last week, for example, following a well-executed lunge in April for 29.5 per cent of Revertex by rubber group Yule Catto, this campaign seemed destined for a less-than-tidy denoument Revertex's fought back.

"People have likened us to the SAS," partner Nick Verey tells me, "but we are not mercenaries." Since the recent early-morning strike on behalf of Singapore's Times Publishing for 27 per cent of the shares of Marshall Cavendish, Verey says he has been approached by two or three companies. "They just come in off the street and ask us if we would please do a raid for them. But we tell them we work only for established clients."

Seasoned campaigner that he is. Verey still admits to a surge of adrenalin when an assault is launched. "Only two or three or us know about it until the we give our team of 25 an early morning briefing. As far as we are concerned," he sighs, "it's the ultimate fulfilment of a stockbroker -- assuming it. all works as planned."

Cheques for less than £10,000 Flour power will raw take three days instead

of one to clear, and small job- All but one of Fred the Flourbers who still have to settle grader's men have now taken their gilts bills within 24 hours their bow, leaving Spillers

In good time for the forthcoming fusion of the groups, vice-chairman Ian Paul and divisional directors Derrick Hornby and Norman Rigby dusted off their bowlers and resigned at the weekend. Only finance man William Shaw remains

Confessional

Unaccustomed as I am to taking confession from captains of nggregate value of around industry, I was surprised to £140m, have been undertaken have John Reeve. managing director of Costain, admit to me that last week he parked his car "improperly" while he lunched at the Savoy. Returning to the scene of the crime, he discovered he had been issued with a most unusual ticket.

It was a note from Sidney White, verger at the Queen's Chapel of the Savoy, asking politely: "Please do not park against this chapel wall." Verger White tells me he forgives the trespasses of three or four "improper" parkers a week. Not particularly worried about obstructions in the path of the faithful, he says he is more concerned about the potso-righteous who can use Savoy diners' cards to climb up to the chapel windows.

Dashed hopes

colleague travelling by train from London to Bournemouth at the weekend reports much scowling from his compariment where the peace was wrecked by a small boy tearing up newspapers, wiping his feet on fellow-travellers' clothes and singing "Maybe it's because I'm a Londoner."

"He's six today, and I'm take ing him to Poole, announced his doting mum. 'I wish you luck, Madam.'

said a man in the corner. "

Observer



Untimely German-American discords

ezhney, on Afghanistan, an, East-West arms control, Afghanistan, wrong. and bilateral relations would be. The friction goes back at least hard enough even against a to the era of Presidents Ford background of harmony in and Nixon and to Dr. Henry Bonn's relations with the U.S. Kissinger's ill-fated "Year of But in spite of soothing state. Europe." But many in the Bonn ments from both sides at the Government now look back to Venice summit, this harmony that time almost with nostalgia. does not really exist. On the Bluntly, by comparison current contrary, it would be more true U.S. foreign policy often seems to speak of a crisis of Bonn's to the Germans to lack a longconfidence in U.S. leadership— term strategy, to be self-a crisis of which the con-troversy surrounding President amateurish, with more than a Herr Schmidt is only the latest - These are strong criticisms.

about? It would be wrong to successor, Mr. Edmund Muskie. suggest that the West German On the contrary, the Germans population has become anti- would dearly like to see the American. True, there is a new foreign policy "professionals" generation which hardly knew exerting more influence in at first hand the era of Marshall at first hand the era of Marshall Washington. The real objects Aid and the Berlin Airlift. But of Bonn's irritation (and worse) that 53 per cent of West Gerspecifically, the national mans believe the U.S. to be their country's best friend— Zbigniew Brzezinski. followed a very long way behind, by 14 per cent who chose pleasure are different in each

It would also be incorrect Mafia" at the White House is simply to lay the blame on felt in Bonn to have had little poor personal relations between experience of foreign policy Herr Schmidt and Mr. Carter. and to be interested in it mainly Their understanding is said to as it affects the U.S. election have improved over the years campaign. In contrast, Mr. —and indeed every time they Brzezinski is seen as a brilliant have a chance to meet they do seem to sort out their problems. But shortly afterwards new misunderstandings emerge.

- -

ET. LETTER

Part of the answer, in the cious influence on Mr. Carter. view of senior West German It would be easy to imagine that officials, lies in the almost the Germans have become uninevitable friction between a reasonably obsessed with the U.S. which has seen its relative person of Mr. Brzezinski since weight in the world decline, his reported remark years ago and a Europe which is that West Germany might be struggling to find a political steering towards "self-finlandirole to match its economic sation."
power. This is a problem for The

Inflation

Pom Mr. D. Poore

Current

comprehend

tion as under the old system. Particularly in the engineering

industry, the value to the busi-

by the profit and loss account)

than its value as expressed in

balance sheets today. Banks and other lenders will no doubt

Potato futures

Committee,

Dennis Poore.
1, Love Lane. EC2.

market

Management

call for comment.

From the Chairman

NFU Potatoès Committee.

accounting

WERR HELMUT SCHMIDT, ticularly so for West Germany, West German Chancellor, the strongest military and con in Moscow today on one economic partner of the U.S., he most difficult missions of but also the one with most to career. His talks with the gain from detente with the East, met leader. Mr. Leonid and most to lose if detente goes

This is not a new problem. Carter's recent letter to whiff of anti-German feeling.

not directed at the State Depart-How has this crisis come ment of Mr. Cyrus Vance or his

The reasons for German discase. The so-called "Georgia and quixotic figure with a talent for short-term analysis of foreign policy problems, a persuasive tongue-and a perni-



Helmut Schmidt (left) and Zbigniew Brzezinski: misunderstandings abound

U.S. diplomat in Germany privately admitted that he would not return to the State Departmight be able to influence U.S. policy making once a month something bad happening rather than by helping push something positive through,

It would no doubt be wrong to lay the blame on Mr. Brzezinski for all the twists and turns in U.S. foreign policy as perceived from Bonn over the past few months. The Germans heard from several senior U.S. sources that the Americans did missiles. not plan to boycott the Olympics President -shortly before President Carter aunounced his boycott

they were not. But the latest publicly ment because of Mr. Brzez- affair of the Carter letter to inski's influence. He felt he Herr Schmidt is seen in Bonn as perhaps, and then by preventing policy professionals are either ignored or circumvented-and Government officials leave no doubt they feel that Mr. Brzezinski was at the back of it.

reports when full details about

to read a reference in the to which he referred had heen worned the Soviet Union that Carter's letter. letter to Press reports about wrong. But the incident not the West would produce interthe Chancellor's proposals for only confirmed Bonn's fears mediate range missiles of its heard from Washington is that

As long ago as 1969 Herr

as an insult to Finland as well on Iran sanctions: the Germans Embassy in Bono? Did Mr. force)-including the need for as Germany. But there is some were informed that food and Carter not receive these details, a West German political, independent evidence to support medical supplies were not to be or did he receive them economic and military contrible German view. One senior included in the ban, then told but not read them? Even button to safeguarding the that they were to be—and while the U.S. Ambassador in NATO alliance. He notes that shortly afterwards again that Bonn, Mr. Walter Stoessel, was he was the first western statespraising relations man to draw public attention publicly. between the two countries, 2 to the threat posed by the Herr Schmidt is seen in Bonn as West German magazine was Soriet build-up of intermediate a classic example of what corrying first word of the range missiles—an increase, he happens when the foreign Carter letter, derived from a said, which exceeded Moscow's Herr Schmidt was astonished that he felt the Press reports sion last December. This is was evidently behind Mr.

points to its support for the Iran and Olympic boycotts, its

contribution to propping up the has raw materials and energy to south-east flank of NATO. Are offer in return, Might not this these the actions, it is asked. SPD left wing gradually force of a country and a leader the Government to steer a course gradually drifting into the amenable to Moscow in return Eastern camp?

However, it must be added tion? that Herr Schmidt himself contributed to recent confusion account of political realities in about his position on the missiles issue. In a public speech for which no advance tent was available, he suggested that both sides—East and West should not deploy the missiles. ment since the West does not yet have such weapons and will only be in a position to deploy them in 1983.

What could the Chancellor have meant? Was it an attempt to weaken the NATO position? The answer is that Herr Schmidt was appealing to the Soviet Union at least to stop deploying its missiles even if it continued to produce them—as a first step towards beloing off the ground the East-West negotia-tions urged by NATO. The appeal was made in terms which it was felt might help Moscow to accept without loss of face although in retrospect Herr Schmidt could hardly admit this

The Soviet Union has not taken up the suggestion and Herr Schmidt will be repeating it to Mr. Brezhnev this week.

Housing Bill, committee stage.

boost in aid to Turkey as a market for German goods and for an offer of German reunifica-

This analysis fails to take West Germany. One is that the Bonn Government is a Liberal-Social Democrat coalition which has produced a contribution to the western alliance over the last decade widely seen as This caused widespread astonish- second to none in Europe (despite the alleged influence of the left wing). If the coalition were to lose the general election next October, its successor would almost certainly be a Government of the Centre-Right. An SPD majority alone is highly unlikely. All parties are committed to German reunification by the constitution, all want to see more trade with (though not excessive dependence on) the East, all recognise that an effective western alliance is the only basis on which these aims can be achieved.

It is against this background that Herr Schmidt will be urging the Soviet Union in Moscow to negotiate on the missiles issue, to withdraw its troops from Afghanistan, and to help bring an end to the U.S. hostages drama in Iran. He will also be stressing that the kind leak in Washington—which it legitimate defence needs and But the press controversy over of economic co-operation fore-described as "rough" in tone, to which the alliance, had to what Herr Schmidt might or seen in a new long-term agreement talking from Herr Schmidt, Mr Carter agreed into being a key NATO decision for weeks. It has been taken can only be carried through if the first talking from the press controversy over of economic co-operation fore-described as "rough" in tone, to which the alliance, had to what Herr Schmidt might or seen in a new long-term agreement talking from the press controversy over of economic co-operation fore-described as "rough" in tone, to which the alliance, had to what Herr Schmidt might or seen in a new long-term agreement between Moscow and Bonn on for weeks. It has been taken can only be carried through if an operation of the Afghanistan kind it not repeated.

All that said, it would be a freeze on the deployment of about machinations in Washington, but simultaneously offered while Herr Schmidt himself may disenchantment with U.S. intermediate range nuclear ton, it also underlined a comnegotiations on the limitation be dedicated to the western leadership—in the SPD, and missiles. Why should the munications problem which may of weapons.

President mention Press still be unresolved.

Guite apart from that, Bonn Social Democrat Party (SPD) is danger of more misunderstandnot. The argument is that ings and ill-feeling. Herr Carter announced his boycott Herr Schmidt's public com- Schmidt produced a book Iran and Olympic boycotts, its Germany remains divided, that Schmidt and his Government decision. It is not clear that ments and private analysis underlining key principles of increase of defence spending by Berlin is 100 miles behind the will do all they can to fight power. This is a problem for The comment particularly Mr. Brzezinski was responsible on the issue had been sent East-West military balance (at 3 per cent in real terms as East German border, that the against this—but they do need all West Europeans—but par- upset Herr Schmidt who saw it for the abrupt changes of line to Mr. Carter via the lowest possible level of demanded by NATO, and its Soviet Union is a growing more help from Washington.

Letters to the Editor

on that; nothing short of ration- torily. ing would have kept prices stable in those years, and the board exists to cope with sur-Cr.-- Your readers should be actul to Professor Myddelton pluses, not shortages. Any . ir making it clear (June 26) attempt to control prices artifi- be within 72 hours, so the doubt not until after Sir Yue-Kong t current cost accounting,

'black market." wich is to be made compulsory "The present potato marketor public companies next year, 3 little to do with accounting ing scheme will continue only NFU Potatoes Committee, . inflation. To account for for as long as the EEC Commistion alone is a relatively miston is unable to finalise a sy matter and is akin to pre- common potato regime." Even the ring accounts in a new if this were true, I would It requires only a deplore the emphasis, which rescribed rate of exchange implies that the scheme only crwcen the values of the exists on sufferance and its days recacy used for the accounts are numbered. The Commission nder preparation and the is nowhere near finalising a ccounts. The figure so prepast performance in this regard scribed by the authorities does not give me much confi-orld not need to be precisely dence in its ability to achieve courate in absolue terms at an effective regime for main-Ty one time but would serve as crop potatoes in the foreseeable by all British companies. In Agriculture has said that any effect, the change would require regime must include adequate only an adjustment of costs, of provision for supporting our both fixed and current assets, maincrop potato market in times of heavy surplus, and that to the higher number reprethe PMB should continue in sented by the lower value of the currency now in use. All existence under any regime and existing practices would then play a central role in the sup-

cost · accounting Growers, who probably take introduces a fundamentally new the biggest gamble of all . . .' concept of value to the business I think this point should be in place of value in more stressed. The cost of growing general terms. This concept is, potatoes rises every year-for no doubt, wholly appropriate to the coming season it is estia fully planned Eastern Euro- mated at around £60 per tonne pean-type economy but appears on average—and growers have not readily to provide the to seek their returns from the flexibility required to plan for market. As the National the risks of a free market. No Farmers' Union representative harm may be done provided on the management committee, that my main concern will indeed accounts prepared under it do not convey the same informa-

port arrangements.

The decision to specify delivery in paper bags. Criticism Securities Commission did not of this decision ignores the fact react to these statements in any that delivery from store has to cially immediately creates a cast on the practicality of paper bags is erroneous.

C. J. Harrisson, Agriculture House, Knightsbridge, SW1.

Hong Kong battle

From Mr. G. Bonwick

interest the story (June 25) of Sir Yue-Kong Pao's battle over the Hongkong and Kowloon Wharf and Godown Company. standard yardstick to be used future. The present Minister of While, in general, it was an excellent account of the activitles, in shipping and otherwise, of this extraordinary man, it surprised us to read that his defensive action to forestall a move by Hongkong Land Company to gain a 49 per cent holding in Wharf (from previously 20 per cent) had been criticised the Hongkong Securities Commission and that Sir Yue-Kong's refusal to make a full bid should apparently have aused anger, bitterness and

> Hongkong Land mentioned in its proposal document, issued on June 20, that an acquisition by it "would not involve any change of control" and its executive director was quoted as saying that therefore no take-

1975 and 1976, when, as he be the growers' interests, but over bid for all the outstanding rightly points out, prices soared, we must all ensure that the shares would be made if Honghe cannot base his qualification futures market works satisfac- kong Land were successful in acquiring 49 per cent of Wharf. We are informed that the way whatsoever and that it was took action on June 23 that the Commission seemed to awake and be able to state that his 49 per cent stake constituted It seems curious " control." that the Commission takes a passive stance when a 20 per cent shareholder says he will not have control, even with 49 per cent and a common chairman, but protests loudly and alleges "change of control" when the largest single shareholder defends his position by Sir,-We have read with increasing his stake.

Could it be that the Hongkong Securities Commission only likes to penalise the winners? Or could it be that the entrenched European interests in Hong Kong have a better To an interested and lobby? impartial observer the double standards applied are puzzling. Why people should be bitter about Sir Yue-Kong's response is difficult to understand. It is also difficult to understand why Hongkong Land gets applauded for circumspectly selling part of its stake in Wharf to Sir Yue-Kong at a huge profit while still not having withdrawn its invitation to other. Wharf shareholders to sell to them at a much lower price.

G. J. Bonwick, Mercantile Consultants and Investments. Chestnut Arenue, Wokingham, Berks.

Today's Events

GENERAL Company dinner, Girdlers' Hall, Basinghall Street, E.C.2. U.K.: National Union of Railvaymen annual meeting opens in Overseas: Chancellor Helmut Guernsey (until July 12).

General Medical Council Disciplinary Committee meets. Sir Ralph Richardson opens exhibition of MP's paintings and sculptures, Houses of Parlia-

Methodist Church Conference discusses Church's report on sexuality. Sheffield. Queen and Duke of Edinburgh

arrive in Edinburgh for start of one week visit to Scotland. Sir Peter Gadsden. Lord Mayor Sir Peter Gadsden, Lord Mayor House of Commons: Civil Witnesses: Department of London, attends Girdlers' Aviation Bill, remaining stages. (Room 16, 4.45 pm).

Dietrich, begin two-day visit to EEC Environment Ministers two-day conference opens, Luxem-

bourg. EEC-Turkey Association meet-Pope John Paul II leaves for

Brazil. PARLIAMENTARY BUSINESS

hmidt of West Germany and Commons message on Transport his Foreign Minister, Herr Hans-Bill. Gas Bill, third reading. Select Committees: Energy. Subject: Isle of Grain Power Station. Witnesses: Thermal Insulation Contractors Association (Room 8, 4.15 pm). Treasury and Civil Service. Subject: CITY OF LONDON LUNCHTIME
Monetary Policy. Witness: Professor Patrick Minford (Room
15, 4.30 pm). Public Accounts. hall. Gresham Street, EC2, piano Subject: Interest Relief Grants. Witnesses: Department of Energy

House of Lords: New Towns COMPANY RESULTS Final dividends: British Benzol Carbonising. Kleen-E-Zee Hold-ings. Petbow Holdings. Ropner Bili (Money), third reading. Holdings. St. Georges Laundry (Worcester). United Kingdom Property. Walker and Staff Hold-

> COMPANY MEETINGS See Week's Financial Diary. CITY OF LONDON LUNCHTIME

St Michael's Cornhill organ recital-Jonathan Rennert, 1 pm.

Placing money with councils

ness of any given asset (hither-to judged in an overall sense Robson Cotterell

reply to the comments by Mr.

may be significantly higher A. F. Twist (June 19) and Councillor David Whalley (June 2)) arising from your article (June 17)—"Brokers 'could overspending councils." Both have misread me.

community (i.e. building societies, pension funds, companies etc. who collectively lend for varying periods of time) by refusing to lend to overspending councils, could possibly cause them to "adjust their Sir,-I was interested to see the article (June 12) by John Edwards on the potato futures market. Having been involved gross habits to their nett income," because if they don't a cial affairs? situation could arise whereby they will have difficulty in meetwith the Market as a member of the Formation Committee ing their repayment commitand now as a member of the ments. As an associated member of his firm, Mr. Twist is ultithought that on the whole the article was a very fair partners thereof. As your article summary of the views we have been discussing over the past a limited corporate member of two years. There are, however, the Stock Exchange and as such a few points in the article which has always to maintain a mini-Mr. Edwards says that the Potato Marketing Board "has spent a great deal of money seeking, somewhat unsuccess fully, to stabilise prices." I do not agree with this qualification and I cannot see on what grounds he makes it. Market and their members (trade union mically non-productive areas. support by the PMB in years and otherwise) and if we loaned of surplus has kept a floor in company money to a local the market and given British producers and housewives a degree of stability unknown on the Continent. Had the board

business under Stock Exchange rules even though it was still Sir,-Please permit me to capable of meeting all its financial obligations.

I look upon the whole problem in an economic rather than political sense. After all, some Conservative councils are by no means blameless. When the last Labour Government pushed I proposed that not only through savage cuts in public brokers, but the whole financial spending in late 1976 arising spending in late 1976 arising reported as discussing ways of from sheer economic necessity, and the conditions attached to vast sums every day to councils Councillor Whalley then protest Labour controlled council is the huge IMF that the IMF as the lender had no right to take a view as to whether Britain had been acting "responsibly" in the conduct of its economic and finan-

The facts of life have to be faced in the same way now, as Manchester's Labour controlled council in particular appears to have belatedly discovered. On mately only responsible to the top of the enormous increase in rates should be added the fact correctly stated, my company is that in most areas, water rates are now no longer included in behoves all those who have the general rates so unless something is done to reduce the rate mum · liquidity margin of of increase, many more indus-£200,000 in cash or near cash trial jobs will be lost. In other (as opposed to £25,000 if in our words, producers of, goods case we were only a partner- (export and import substitution) ship). It therefore follows that and revenue (taxes) to Governas we have pension funds as ment, and will have been sacrishareholders, the directors are ficed in order in many cases to ultimately responsible to them maintain overmanning in econo-

In my view the moment of truth has arrived, not least for increases in the cost of living. authority which was unable to those councils (Conservative meet its repayment commit- and Labour) who have or will ment, it could be that our not comply with Government liquidity margin would fall policy. If they find it increasmg prices it would not have below the required £200,000. in ingly difficult to borrow money Bourne Chambers, strived. If Mr. Edwards is which event the company would from the private sector, they are alluding to the shortage years be automatically put out of faced with the facts that, they Bournemouth.

can only borrow on a short term basis from the Public Works Loan Board and sanctions including a moratorium on capital projects and reduced Government grants next year. So what do they do, put up the rates again adding another twist to the vicious spiral of more unemployment and bankruptcies?
Manchester Council is

averting a 65 per cent rate increase next April because of overspending. The leader of the reported as saying "the ratepayers would tear me to pieces if this path is adopted." Such a gory spectacle could surely be avoided if he and his lads are left in no doubt that unless his council mends its profligate ways at once, Manchester's borrowing ability could become questionable

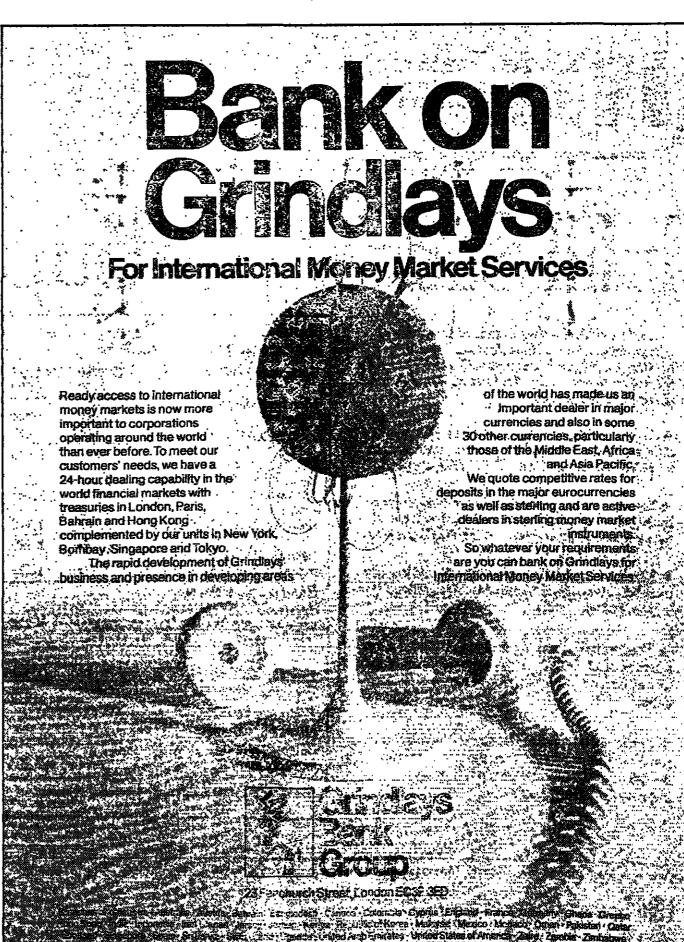
offered. In the present circumstances I therefore believe that it Britain's well-being at heart to look outside the narrow confines of politics and self-interest and to back the Government's policies in respect of spending

Why should a comparatively

advantageous the rate of interest

however

few Councils be allowed to prejudice those policies which if successful could be of benefit to everyone-contributing as they would do to reduced rates and eventually the ultimate goal of a basic rate of income tax of only 25 per cent? Victor C. Robson.



1 Dirt p is proposing trooms \$770,000 by Dillist ardinary shares than took enchange "he shares carry a 105 palse and are being placed

15 15 per cent convertible wedred loan stock totalling 1.000. Placing of the ordinary ares will be through Singer Friedlander.

"ebbitt's chairman is Mr. In a Bentley, who is transforming the company from a tunnery into a property group through acquisition. Tebbitt has agreed to buy Signgate Properties and freehold properties in central London, conditional upon Tebbut's obtaining a listing. Tehniti will pay £800,000 for Signgate if the company meets this year's profits forecast of \$25,000. Signgate's property portfolio has been independently London properties are valued at £990,000. This gives the group's balance sheet total net assets of

£2.3m, adjusted for the acquisiprofit forecast has been made by Tebbitt, though it says that "operating losses in all divisions have been finally eliminated." The company company ition of reiterates its intention strengthening the group through acquisition and refers to the possible sale of a 12.9 per cent in the unlarged Tebbid by lo in Bentley.

These hares are currently by John Baker (Insula-

FT Share Information

The following securities have been added to the Share Informotion Service appearing in the Firancial Times:-Belierlavest Aktiebolag (Free ordinary shares Series B) (Sec-:: Industrials):

International Mining Corpora-Con (Mines-Australian).

WE ARE PLEASED TO ANNOUNCE

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VICE PRESIDENT

MANAGER FIXED INCOME AND

FLCATING RATE NOTE

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Strikes hold back Norcros to £19m

the industrial group, amounted 1519.18m for the year to March 1980, against a reported 17m. Had the results of H. and Il. Johnson-Richards Tiles, acquired in March, 1979, been included for 1978-79, the comparative pre-tax surplus would have been £20.07m.

Sales reached £300.34m, against 1212.57m (f274.89m including J-R). Mr. John Sheffield, chairman, says the adjustments are given so that a better comparison can be made between the two results.

steel strikes had a considerable effect on the group's prosperity in 1979-80, and he estimates the disruptions reduced profits beore tax by some £3m.

Profits were struck after interest up from £3.8m to £5.47m, but before unchanged tax of

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interings are finals and the subdivisions shown below are based mainly on lest year's timetable. Associated Newspapers
Birm d Qualcas: year's timetable. TODAY Finals: British Benzol Carbonising, Louis C. Edwards (Manchester), Kleen-F-Ze, Potbow, Ropper Haldings, 3t George's Laundry (Worcester)

The transport engineering and However, intense sales activity tool strikes had a considerable in the UK and abroad resulted fifect on the group's prosperity in the winning of substantial n 1979-80, and he estimates the orders in the last month of the year, creating a base load which will provide opportunity for a return to profitable trading during the current period, the chairman adds.

The contribution from the The materials handling divi- construction side improved from Overseas contribution ex-sion incurred losses of £3.22m, £3.28m to £3.7m, and progress is panded to £6.66m (£4.23m), again

United Kingdom Property, Walker and **FUTURE DATES**

Newapapers July 16 July 16 International July 22 remerm International ... July 22 and G Duel Trust July 9 Colmore investments July Russel Brothers (Paddington) July

compared with profits of £1.74m. expected to be maintained. The con-umer division turned round From losses of £0.66m to profits of £1.25m, reflecting the John-son Tiles acquisition, and is well placed to improve its performance.

The print and packaging side raised profits to £5.08m (£4.75m), and real growth is anticipated in the current year.

helped by Johns on-Richards. All companies on this side project better results for 1930-S1.

The net total dividend is the net total divinend is increased by 12 per cent to 5.52p (4.93p), with a final of 3.56p payable on August 2. Earnings per 25p share are shown at 12.14p, against 13.99p or 12.22p including Johnson-Richards.

Profits before tax on a current cost basis were reduced to £11.67m, against £12.98m (£13.77m including J-R). Stated earnings per share would have been 2.4p, compared with 6.4p (4.1p). The chairman says capital expenditure in the year amounted

to £13.56m, but group borrowing at £34.87m was only 49.3 per cent of shareholders' funds. The ratio of current assets to current tiabilities was 1.6. The group therefore enters the

current year in a strong financial position enabling it to plan further capital spending of some £24m, he adds.

Lex, Back Page

Robertson Foods seeks cut in borrowings

IT IS important that the borrowing requirements of Robertson Foods are reduced during the coming year and despite con-tinued inflation, the steps are now being taken, Mr. R. Christopher Robertson, chairman, says in his annual report.

Contracts have been exchanged for the sale of Quantock Preserving Company and Dorset Preserving Company together with the drinks division of James Cohortson Preserve Manufacturers for a nominal considera-

Completion is expected to take place on July 31 and although the effect of this sale on net tanzible assets and profits is minimal, horrowings will be reduced by some £4m, the chair-

Other contributions to a marked improvement in cash flow during the current year are expected to come from tighter controls in the operating com-panies coupled with improved profilability due to the continued growth of Viota Foods and

Unican Foods.

Better profitability is also expected from the overseas

operations, the reorganisation of General Insurance group James Robertson Preserve Manu-facturers and the cessation of James Robertson International. New management has been brought into this company and 'at least a break-even position is

expected this year. For the year ended March 31, 1980, pre-tax profits improved from £2.04m to £2.55m on external sales of £84.88m again:t £S0.14m The balance sheet shows overdrafts of £8.5m r.£5.92m).

Meeting. Beckenham. July 22 at 10.30 am.

Albany Life introduces new fund

A new fund, designed to take

The portfolio of the Inter-national Fixed-Interest Fund will take advantage of the profitable opportunities in world fixed-interest markets, and will consist principally of Eurobonds, foreign cash deposits and floating rate securities. It will be managed by Albany's investment managers, Warburg Investment Management,

Downturn at Pitman

of Pilman Ltd., publisher, printer and college proprietor, for the year to March 31, 1980, were £0.6m, against £1.04m, after an extraordinary credit of £604,000 compared with £216,000 debit. At half-way taxable profits were down to 10.53m, against

Attributable after-tax profits

advantage of the removal of \$1.14m, and directors anticipated exchange controls has been launched by Albany Life Tax, increased from £364,000 Assurance Company, the UK life to £503,000 for the 12 months. £1.14m. and directors anticipated Turnover was slightly higher

RESULTS AND ACCOUNTS IN BRIEF

STIRLING INDUSTRIES (right angineering subsidiary of Cayzer Trust Company)—Results for year to Marco 31, 1980 already known. Shareholders funds. (4.04m (£3.49m), bank overcraft f194,041 (f28.915), cash in hand £1.596 (f2.039), depend on the first factor of the first first first factor of the first factor of the first factor of the facto £194,04C (C98,915), cash in hand £1 596 (£2,039), deposit with finance company £200,000 (mi) Meeting. London £C. July 22 at 2 30 pm.

NORMAND ELECTRICAL—Results for year to March 1, 1980, reported May 20. Shareholders' funds £6 34m (£5.55m) Loans £1.25m (£0.57m). Cash and bank balances £84,000 (£45,000) 00 refarelt £459,000 (£1.3m). Meeting Kengington Palace Horel, De eeting, Kensington Palace Hotel. De ere Gardens, W. July 22, 11 45 am Vere Gardens, W. July 22, 11 to am

COUNTRY GENTLEMEN'S ASSOCIATION—For year to Murch 31, 1930, turnover E2,47m (E2 39m). Profit E10,579 (E2,761) after tay credit E30,542 (E25,1351). Dividend 200 (17 92p) net Board says there are signs that measures taken are beginning to restore company to proper level of profitability.

Philip HILL INVESTMENT TRUST—
Results for year to March 21, 1980.

PHILIP MILL INVESTMENT TRUST—
Results for year to March Di, 1980, already announced investments byted at mid-market value E122.65m (E146.29m) Queted UK ovestments 197 6m (£120.63m) Overses 520.75m (£23.15m) Meeting, 1 Brewer's Green, Buckingham Gate, SVV, July 28, 2,30 pm CONTROL SECURITIES—Results for year to March 21, 1920 and serie assue afre by reported. Shareholders' funds, C2-SIm (SI Bm) Investment properties, SI Sim (EI 35m). Secured bank loans 62 54m (EI 35m). Secured bank loans 62 54m (EI 37m) Inhestund AS owns 44 8 own secured I Techniban AG owns 79; per own of sesued soore capital. Meeting, Consistency

naught Rooms, WC, July 22 at noon HAMBROS LIMITED (merchant banking and naurance group)—Results for year to Macch 31, 1980 already known Attributable profits of £12 fm (£13 9m) reduced to E3m (£7.6m) on CCA basis. Shareholders' lunds £82.93m (£76.32m), current current deposit and other accoun current deposit and other accounts including onest reserves and tax on profits \$11250 (\$11200), current issets \$1755.46m (\$693.65m) including balances with bankers and at call \$160.84m (\$155.24m) and term loans to benks and local authorities \$339.71m (\$434.24m). Customers' loans, advances and local authorities \$339.71m (\$434.24m). advances and other accounts 1540 43m

[470.4] [274 5		acceptances E280.64m Meeting, July 22 at noon
SPAIN		
75	80	Price
High	Low	٠,
228	200	Sanco Bilban
259	217	Sanco Central .
220	223	Banco Exterior
228 137		Banca Hisaano
137	:22	Sanco Ind. Cat.
175	141	Banco Mad≠
382	257	
:55	140	Sanco Urguijo
238	209	
37.9 106	200	
106	75	
52	53	
66 O	53 2	Fecse
40	24	Gal. Preciados
77 7	58 7	
58.2	£7.5	perduero
157	700.7	
.32	- 50	
715	:07	Safefisa
6.7	31.3	
;- ş	±5.2	Union Elect

Total dividend is 2.5p (2.6p). The company has close status.

Concrete **Products** improve

Taxable profit of Concrete Products of Ireland, a Marley subsidiary, improved to IR £1.11m for the six months to March 31, 1980, compared with £0.92m in the same period of 1978-79 when some group trading was affected

by industrial action.

Economic conditions are adversely affecting trading in the second six months of the current year, the directors state. First-half sales increased from

£15.18m to £19.58m, while interest payable was up to £447,000 (£197,000). After tax of £500,000 (£413.000) net profits climbed from £504,000 to £612,000. Earnings per 25p share were 0.9p higher at 5.06p and the

interim dividend is kept at 1p net —last year's total payment was Meeting. Savoy Hotel, 5.5p on pre-tax profits of £3.26m. July 23 at noon.

warns of difficult

year

"WE WILL do better than most but it is going to be difficult," Mr. Thomas Kenny, chairman of GEI International, says, sum-ming up the group's prospects for the carrent year.

The group has plenty of cash "but we must have solvent customers and suppliers. Our management and controls are of the best but we cannot prosper alone," Mr. Kenny adds.

orders. The downturn started in April this year and there is no sign of an early change, Mr. Kenny states. GRI is a specialist engineering group supplying products to a wide range of industries. Pre-

tax profits for the year to March 31, 1980, were up by 10.7 per cent to £5.82m on turnover of £65m against £51.34m. The figures include seven months results of Sanderson Kayser, Sheffield-based makers

of special steels and engineering products, acquired in September 1979,

Sanderson Kayser operates in Sheffield, South Africa, Canada and Australia. There is remedial work to be done in Sheffield with particular emphasis on reducing production costs, the chairman

The cost of the acquisition was £4.99m and the excess of S.K.'s assets over the purchase price— £3.7m—has been transferred to

reserves.
The value of goods directly exported by the group from the UK, including goods sold to overseas subsidiaries amounted to £8.63m (£6.42m). These exports went to Africa, 7 per cent; Americas, 19 per cent; Asia. 5 Americas, 19 per cent, Asia. 9 per cent; Australasia, 6 per cent; Europe, 61 per cent; and Middle East, 2 per cent.

The exports do not include goods sold to UK customers incorporated into products subsequently exported which were customatical.

substantial.

Three month Gold 651.4-661.4

Companies disturbed by underwriting loss

BY OUR INSURANCE CORRESPONDENT

previous year's trading and had not been doing its worst, the occasoion would have been a sorry one.

The message that came across clearly was: non-life insurance is too cheap, and the underwriting profit has been driven out of almost all classes: last year BIA member companies The group is earning profits lost £215.7m, on world-wide but not at the rate of last year while sales are outstripping

Investment income on non-life-funds totalled 1980m—and since much of this came from overseas, if it had not been for continuing high exchange rate investment income was more than enough to offset the underwriting loss and leave a surplus

So why the gloom? First, the surplus at the end of 1973 had been £790m so last year's overall result showed 2 downturn. Second, the causes of the underwriting loss, of high interest rates, and the high exchange rate, are still with us— and while hopes are being expressed of an underwriting improvement in 1980, it seems improbable that the BIA companies will break even on underwriting by the year-end: this time next year the com-panies could be reporting about £100m of possible underwriting

loss in 1980, perhaps more. The surplus from investment income less underwriting loss has to bear a heavy load; it has to pay the companies' taxes, meet shareholders' dividende meet shareholders' dividends, and if possible sustain existing solvency margins against premium growth which is largely inflationary.

gins as the months go by. At companies

LAST WEEK the British present margins are high, many Insurance Association (BIA) between 50 and 60 per cent, but held its annual review of the these margins depend on the underlying value of the comeven if the late June monsoon panies' assets and the companies look back with anxiety to 1974-75 when the values of stocks and shares were drastically reduced, and in a matter of weeks solvency margins were, albeit temporarily, halved. So current high margins have to be maintained, wherever possible, against the risk of a similar reduction in the future.

Thus investment income alone is insufficient, and underwriting profit is of the essence. Mr. Geoffrer Bowler, the retir-ing BIA chairman, nailed his colours firmly to the underwriting mast and declared: of sterling, the figure would "Our primary job is to pro-clearly have exceeded fibn. This wide insurance cover and we need to make underwriting profit. Our investment activities are ancillary to that function, not the reason for our

existence Asked to quantify this desirable profit Mr. Bowler, echoing previous BIA chairmen, said that a 5 per cent non-life underwriting profit would be fine; but he acknowledged that long before the achievement of anything like the 8 point improvement required on the back of 1979's 3 per cent loss, com-petition would have increased far beyond its present level, which has largely predicated the present level of loss.

The problem the British insurance companies have to solve how to climb out of the pit of non-life underwriting losses, while there are far too many competitors abroad—and some at home—ready to write, not for underwriting profit, but entirely for cash flow towards resultant investment income.

A solution is not impossible, Without underwriting profit, but it anyone can come up with and with reduced overall sur a sound satisfactory answer he plus, some companies will have should earn the profound gratito face reduced solvency mar-tude of the 325 BIA member-

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Walter Alexander 4.7

FINANCE FOR INDUSTRY TERM DEPOSITS Deposits of £1.000.£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 18.7.80. Terms (years) 3 4 5 6 7 8 9 10 Interest % 131 131 131 131 131 131 131 131

HEADLAM, SIMS & COGGINS

Results better than expected

Summary of Results-Year ended 31st January 1980 Turnover Profit before tax £201,826 Profit after tax Dividends [gross] per share 3.09p Earnings per share

Highlights from the Statement by Mr. Alec Coggins (Chairman):

* The drop in sales has not been as marked as was expected and profit before tax is considerably better than could be expected in these inflationary times.

* Group assets have again increased significantly giving a book value of 66.66p per ordinary share.

* Your company will continue to use its strong asset base to search for new methods, points of sale and sources of supply to counter the effects of cheap imports and the high level of inflation.

A final dividend of 1.36p per share is paid, making 216p for the year [1979 1.36p], a level which it is anticipated will at least be held for the current year.

MANUFACTURERS AND DISTRIBUTORS OF SAFETY & SPORTS FOOTWEAR

Hill Samuel Group

Lord Keith of Castleacre, who is to retire as Chairman at the end of the Annual General Meeting on July 29th and who will be succeeded by Sir Robert Clark, makes the following points in his Chairman's Statement:

differences and extraordinary items, amounted to £7,688,000 compared with £7,729,000 last year. * Merchant banking disclosed profits after tax rose

*Group profits, after tax but before exchange

by 38 per cent to £6,803,000. At the trading level the results showed an improvement of 51 per cent. * The banking subsidiaries overseas, particularly

those in Australia and South Africa, significantly

improved their results.

* The insurance broking division produced a loss after tax of £1,551,000. Approximately half of this loss arose from provisions made for possible bad

* I believe that most of the problems which have restricted our profits over the past few years are behind us and that your Group is now set to improve its performance.

Results for the year to 31st March	1980	
Sources of profit-after tax	1979/80 £000	1978/79 £000
Merchant Banking Banking*	6,897	4,559
Investment Profits (losses)	(94)	387
Life Assurance and	6,803	4,946
Investment Management	1,182	1,132
Employee Benefit Services	1,964	1,761
Insurance Broking	(1,551)	(1)
Shipping and Other Services	1,166	1,148
Less: Central costs	9,561	8,986
including interest	1,876	1,257
Profit before exchange differences and extraordinary items	7,688	7,729
Exchange differences	, (1,753)	(1,219)
Extraordinary items	(969)	590
Profit for the year after tax, exchange differences and	4.966	7,100
extraordinary items	4,700	7,1W

atter minority interest and transfer to reserve for contingencie

Copies of the Report and Accounts containing the Chairman's Statement in full can be obtained from the Secretary:

Hill Samuel Group Limited 100 Wood Street London EC2P2AJ



LOCAL **AUTHORITY** BONDS

Every Saturday the Financial Times publishes a table giving details of

LOCAL AUTHORITY **BONDS**

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Exchange of the United Kingdom and the Republic of Ireland.



US\$100,000,000 UNILEVER N.V. 934 % Bonds due 1990

The following have agreed to subscribe or procure subscribers for the Bonds: Amsterdam-Rotterdam Bank Deutsche Bank Swiss Bank Corporation , N.V. Aktiengesellschaft (Overseas) Limited

ISSUE PRICE 991/2%

Citicorp international Group

Algemene Bank Nederland Crédit Lyonnais Credit Suisse First Boston

Morgan Guaranty Ltd.

Kredietbank

International Group

Dresdner Bank **European Banking Company** Aktiengesellschaft Limited Union Bank of Switzerland (Securities)

Limited-Application is being made to the Council of The Stock Exchange for the Bonds to be admitted to the Official List, subject only to the issue of the Bonds. Interest on the Bonds will be payable annually on 15th July, commencing in 1981.

Particulars of the Bonds and information with respect to Unilever N.V. are available in the statistical service of Extel Statistical Services Limited and copies may be obtained during usual business hours up to and including 17th July, 1980 from the brokers to the issue:—

W. Greenwell & Co. Bow Bells House, Bread Street, London EC4M 9EL

The Stock Exchange, London

TERNATIONAL BONDS

Two ways to beat heartburn

play all the symptoms of in pre-market trading while of par. issues reaching the secondary

market fared no better. the sharp reduction in the Corporation, tested the 91 per volume of new issues: only -\$320m worth of new bonds were announced last week, less than half the amount of the week before. But as Citicorp's weekly Investment Bulletin to anticipate how strongly that points out, the supply problem wind would blow. is not confined to the Eurobond

market. The U.S. domestic market has witnessed a continuing large volume of corporate issues and the sustained, heavy financing needs of the U.S. Treasury. In the dollar Eurobond sector the aggressiveness of the terms offered on new issues has resulted in investors resisting all issues, irrespective of

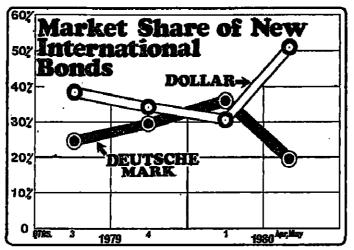
DOLLAR sector of the \$57.5m bond for city of Monabond market continues to treal, were all quoted in pre-market trading by Ross and sive indigestion: virtually Partners (Securities) at dis-the new issues announced counts of more than two points st week fell to heavy discounts from an expected issuing price

Two offerings for triple-A narket fared no better.

This malady continues despite finans and Export Development cent coupon level. When they were announced the week before last, both issues were whistling into the wind but the lead managers did not appear

> The two issues performed very differently in the secondary market. Eksportfinans started trading on Wednesday at 95‡-95‡ and EDC at 98-98‡. By the Friday the gap had narrowed somewhat as Eksportfinans was quoted at 95-951 while EDC was quoted at 971-971.

The lead managers chose different techniques of launchquality or coupon. Thus, last ing the issues into a troubled much of the EDC issue has friday evening the three last market: Merrill Lynch and Den really been placed in firm hands. fixed interest rate issues anfixed interest rate issues ana \$50m bond for Oesterrei- Boston chose to give those



performance was thus partly cosmetic: while the sharp fall in the A/S Eksportfinans bond price was there for all to see, it is impossible to know how

certainly has the possibility to

about one-third of the volume for a while. It has the financial of bonds which they had initially muscle to do so and it may have underwritten. The difference in decided to take a gamble on the way interest rates will move. The price of the bonds did slip between Wednesday and Friday but many dealers argue that it is easier to "let an issue which is wrongly priced slip gently down into the market than buy paper out of the gutter."

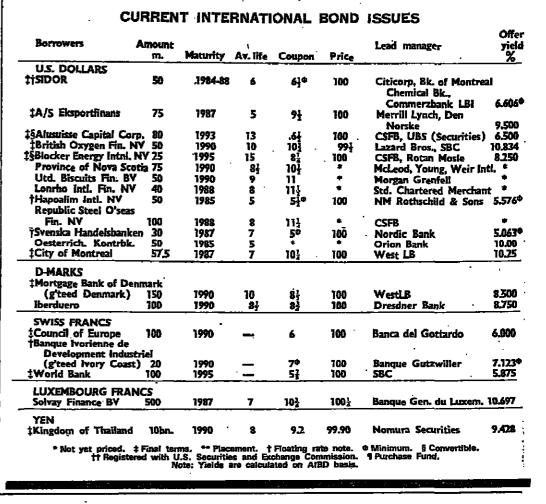
One irony in this story is that the previous fixed interest bond for A/S Eksportfinans was chische Kontrollbank and a underwriting the EDC issue only sit on a large volume of bonds arranged last December by none

other than Credit Suisse First Boston. On that occasion the bond slumped by nearly three points on its first day of trading in the secondary market.

BY FRANCIS GHILES

The major event in the Deutsche Mark sector last week was the agreement by the Capital Markets Sub-Committee to a calendar of new D-Mark issues amounting to DM 900m, a figure which could rise to more than DM 1bn if the World Bank and the European Investment Bank decide to float issues as well. This figure, the highest since last January, underlines the recovery of this sector since Easter. A steady flow of buying from abroad continues as investors fight shy away from buying dollar denominated

Yields offered on new D-Mark foreign bond issues are still about 8 per cent but some new issues' managers feel prime borrowers could offer a lower coupon if the steady undertone of the market persists. As it is, there was little trading of seasoned issues last week. Prices reacted hardly at all to the announcement of the large new issue calendar.



CREDITS

BY PETER MONTAGNON U.S. BONDS

BY STEWART FLEMING

EDF wins year's lowest spreads

ELECTRICITE de France is spreads, but even so the credit's however, to bear a spread of already have a substantial raising a \$500m, 10-year Euro- weighted average margin of 0.39 credit bearing the lowest per cent, which takes the repayregrees yet warded to any ment schedule into account, on the merium-term demonstrates clearly the degree this year.

ా ా 0 45 per cent banks. - They compare with າ"າງປຣ of { = { at in nord by other top nean borrowers for

masta for the credit ind to Credit Lyonnais, vio last week began to a rangement group banks willing to under-%50m a piece. The credit is in part a stand-

and in part designed to con-lidate previous borrowings, mording to sources at EDF in Paris. This gives the transaction a complicated fee structure, details of which are not being

Some bankers feel that the fees may be sufficient to offset the effect of the very fine

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to which politically secure bor-rouns have been set rowers in Western Europe are being favoured by international

Figures from the Organisation for Economic Co-operation and Development published last week showed that the average spread paid by its member countries on medium-term borrowings slipped to 0.54 per medium-term cent in April and May from

Another country which has been courted by international banks, Ireland, has arranged a \$100m, eight-year credit through National Westminster. Funds are being provided by banks in the NatWest group which are

not disclosing terms.

underlines Ireland's status as one of the top-rated borrower countries on the Euromarkets. Rather than float any generally syndicated credits this year, Ireland has preferred to arrange separate financing on a bank by bank basis.

Elsewhere, banks involved in the negotiations with Poland for a new jumbo syndicated credit are expected to meet again in London on July 3. It is understood that the starting off amount for any credit that 0.56 per cent in the first quarter may eventually emerge is Unlike most previous financings of 1980. The EDF mandate likely to be closer to \$300m for Poland, this credit would suggests this trend will contain the \$500m originally not be related to German mooted by the Poles.

> Poland is seeking seven-year money at a spread of 12 per cent, but some of the banks involved in the negotiations believe that the margin should be higher. In the last resort, however, the pricing of the transaction is less of an issue

for at least part of its life, exposure in Poland and are effectively committed to lending more; what is important to them above all is greater insight into the country's economic management. Meanwhile, Poland is also

attempting to tap other sources of funds. It has approached German banks for a credit of around DM 1bn. Discussions have only been of a preliminary nature, and the banks' initial reaction has been to seek some form of backing for the credit from the Government in Bonn. exports to that country.

Poland is also raising \$300m from Austrian banks. This would effectively take the form of advance payment for coal deliveries to Austria. It would thus be guaranteed by the Austrian Government and conditions would not be representa-The credit is understood, in this case. The banks involved tive for the market as a whole.

Surge in money supply makes the market pause

THE SPECTACULAR decline rates recorded their sharpest had seen the money supply in U.S. interest rates over the past few months came to an abrupt halt last week, as investors finally baulked at the task of absorbing billions of dollars of new long-term corporate debt.

Long and short-term interest

			\$3
U.S. INTEREST	RATES (1	6)	St
	Week to June 27	Week to June 20	er th
onth Treas. Bill	7.60	7.18	
onth CDs	8.40	8.45	qt of
rai Funds weekly verage	8.92	9.47	W
e 3/Lyper hond	9.87	9.56	ш

Lng-trm AA industl.

Long-trm AAA utility 10.87 10.38 10.50 Source: Salomon Bros. estimates.

week came on Friday, coinciding with the Federal Reserve borne in mind. Nevertheless, Soard's report of a sharp the increase, if it is not reversed, 3.5bn rise in the U.S. money is large enough to bring the upply in the banking week money supply on its M1-B nded June 18. By the end of measure into shouting distance he afternoon the Treasury's of the central bank's 4 per cent Doer cent bonds of 2,010 were annual growth target. noted at 99.30/32nds (a fall just over five points on the eek), where they were yieldng just over 10 per cent once

The jump in the money investors expecting further supply, the first significant surge interest rate declines have been during a year which hitherto hoping for.

in rates from this year's the market another reason to time when the dollar is relabistoric high began during the pause. All the qualifications tively weak, the gold price second quarter. Some of the steepest price seasonally adjusted monetary declines in the market last data and the significance of one week's figures will no doubt be

> It thus raises further doubts about whether or not the Fed will again ease its monetary policy at the July 9 Open Market Committee meeting, something investors expecting further

If this prop for the market volume of new bond issues scheduled for July, then last week's upward correction in rates is unlikely to be quickly

Some economists are already predicting a further move upward in rates in the third quarter, partly on the ground that the worst of the economic decline is already over and moderate credit demand could reappear. But the prospect of a sluggish recovery of the economy remains and with it the expectations that rates this year will not move for very long far above present levels.

FT INTERNATIONAL BOND SERVICE

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**CF 84- 96	TIME	991, 1002, -01, +01, 8.12	Barcleys C
Brazil 8 87	150	937, 94 -07, +07, 9.28	Bergen Bk
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enmark 7% 86	100 100	994 1004 +04 +04 8.27	Citicorp C
77, 94	225	98, 99, -0, +0, 8.02	Citicom D
	200	963 973 0 -05 7.96	C. Itoh 54
	157	987 995 0 +01 8.14	Co-operation
ore. City of 74, 89	150	961, 971, +01, +14, 7.56	Creditensta
98 88	100	7024 1027 -04 +04 7.48	CNT 54 8 GZB 54 8
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	Change on
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	n 199 9945 0 −05 12.20
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CECA 14% 86 FFr 15	400 400 101 101 40 57
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Renault 9% 85 FFr 10	
Saint-Gobain 94 86 FFr 13	
Solvay et Cie 9% 87 FFr 12	
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Euratom 94 88 LuxFr 500	
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FLOATING RATE	
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Renco di Roma Int. 687 0%	100% 190% 26/70 15.37 75.22
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Average price chan	ges, (n day 0 (en weel	c <u>—</u> 04	
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CONVERTIBLE BONDS	Cmv. C	mv.		Chg.	
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consent. Data supplied by Inter-Bond Services (a sub-

BO	NDT	RADE I	NDEX A	ND YIE	LD
		Medi	um term	Long	term t
no 20		93	.34	83	.95
ne 20)	93.57	9.60	84.36	10.54
gh ′80	.	93.58	(18/6)	89.19	(2/1)
w 180)	85,32	(2/4)	71.54	(29/2)
	EUR	OBON	D TURNO	OVER	

(nominal value in Sm)			
	Cedel	Euroclear	
U.S. \$ bond Last week	2,021.8 1,023.3	3,330.2	
Previous week Other bonds	1,023.3	3,330.2	
Last week	326.7	· -I	
Province week .	498.9	319.6	

* No information availableprevious day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week= Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (three-month sabove mean rate) for U.S coupon. C.yld=The current yield.

CONVERTIBLE BONDS: De-nominated in dollars unless nominated in dollars unless otherwise indicated. Chg. day= Change on day. Cuv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares

international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Arab Company for Trading Securities SAK: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG: Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Internationale Luxembourg: Kredietbank Luxembourg Algemene Bank Nederland NV Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Akroyd and Smithers; Bankers Trust International; Bondtrade; Credit Commercial de France (Secs.) London; Citicorp International Bank; Daiwa Europe NV: Deltec Trading Company: Dillon, Read Overseas Corporetion: EBC: First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International Neshitt Thomson: Orion Bank; Salomon Brothers International; Samuel Montagu and Co.; Scan-dinavian Bank; Strauss Turnbull national; S. G. Warburg and Co.; Wood Gundy.

Closing prices on June 27

S. G. WAFBURG & CO. LTD.

GOOD YEAR

THESE NOTES HAVING EIEEN SOLD, THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

\$75,000,000

GOODYEAR OVERSEAS FINANCE N.V.

12½% GUARANTEED NOTES DUE 1987

UNCONDITIONALLY GUARANTEED AS TO PAYMENT OF PRINCIPAL, PREMIUM, IF ANY, AND INTEREST BY

THE GOODYEAR TIRE & RUBBER COMPANY

ISSUEPRICE 100%

CHASE MANHATTAN LIMITED

BANQUE BRUXELLES LAMBERT S.A. **CHEMICAL BANK INTERNATIONAL GROUP CREDIT LYONNAIS SOCIETE GENERALE**

BARING BROTHERS & CO., LIMITED **COMMERZBANK AKTIENGESELLSCHAFT KREDIETBANK INTERNATIONAL GROUP** WESTDEUTSCHE LANDESBANK GIROZENTRALE

ALGEMENE BANK NEDERLAND N.V. AMAS S.A. AMSTERDAM-ROTTERDAM BANK N.V. ANDELSBANKEN A/S DANEBANK BACHE HALSEY STUART SHIELDS BANCA COMMERCIALE ITALIANA BANK OF AMERICA INTERNATIONAL Limited BANCA NAZIONALE DEL LAVORO THE BANK OF BERMUDA, LTD. BANK GUTZWILLER, KURZ, BUNGENER (OVERSEAS) BANK LEU INTERNATIONAL LTD. BANK OF HELSINKI LTD. BANK LEUMI LE-ISRAEL GROUP BANQUE FRANÇAISE DU COMMERCE EXTERIEUR BANCUE DE L'INDOCHINE ET DE SUEZ BANQUE INTERNATIONALE A LUXEMBOURG SA BANQUE NATIONALE DE PARIS BANGLE DE PARIS ET DES PAYS-BAS BANQUE POPULAIRE SUISSE SA BANGLE WORKS BARCLAYS INTERNATIONAL GROUP SANDLE PRIVEE S.A. BANGUE DE L'UNION EUROPEENINE BLYTH EASTMAN PAINE WEBSER Internetional Limited BAYERISCHE LANDESBANK GIROZENTRALE COPENHAGEN HANDELSBANK COUNTY BANK CREDIT INDUSTRIEL ET COMMERCIAL CHEDITANISTALT-BANKVEREN CHEDITO ITALIANO DEN DANSKE PROVINSBANK A/S DEN NORSKE CREDITEANK DILLON, READ OVERSEAS CORPORATION EUROPEAN ARAB BANK EUROPEAN BANKING COMPANY Limited ROBERT FLEWING & CO. Limited GENOSSENSCHAFTLICHE ZENTHALBANK AG GROZENTRALE UND BANK DER ÖSTERPEICHISCHEN SPARKASSEN GOLDMAN SACHS INTERNATIONAL CORP. HAMBROS BANK ISTITUTO BANCARIO SAN PACILO DI TORINO HILL SAMUEL & CO. HESSECHE LANDESBANK IBJ INTERNATIONAL KEDDER, PEABODY INTERNATIONAL KLEINWORT, BENSON KUHN LOEB LEHMAN BROTHERS Incernational Inc. KLIWAIT FOREIGN TRADING CONTRACTING & INVESTMENT CO. (S.A.K.) KUWAIT INTERNATIONAL INVESTMENT CO. S.A.K. KUWAIT INVESTMENT COMPANY (S.A.K.) LAZARD BROTHERS & CO., LLOYDS BANK INTERNATIONAL. LAZARO FRERES ET CIE LONDON & CONTINENTAL BANKERS Limited LICE INTERNATIONAL MCLEOD YOUNG WER INTERNATIONAL Limited METRILL LYNCH INTERNATIONAL & CO. MITSUBISHI BANK (BLIROPE) S.A. MORGAN GRENFELL & CO. MORGAN GLIARANTY LTD. MORGAN STANLEY INTERNATIONAL THE NATIONAL BANK OF KUWAIT S.A.K. THE NATIONAL COMMERCIAL BANK NEDERLANDSE CREDIETBANK N.V. THE NIKKO SECURITIES CO., [ELIFOPE] LTD. nepon credit international (HK) LTD. N. M. ROTHSCHILD & SONS Limited PERSON, HELDRING & PIERSON N.V. RIYAD BANK POTHSCHILD BANK AG PRIVATBANKEN A/S THE ROYAL BANK OF CANADA (LONDON) SALOMON BROTHERS INTERNATIONAL SANWA BANK (UNDERWRITERS) THE SALIDI INVESTMENT BANKING CORPORATION SCHRÖDER, MÜNCHMEYER, HENGST & CO. J. HENRY SCHPODER WAGG & CO. Limited SMITH BARNEY, HARRIS UPHAM 5.CO.

WOOD GLINDY

SHEARSON LOSS RHOADES INTERNATIONAL SKANDINAVISKA ENSKILDA BANKEN

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WILLIAMS, GLYN & CD,

YAMAICH INTERNATIONAL (EUROPE)

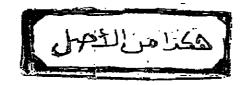
SPAREKASSEN SÖS

J. VONTOBEL & CO.

THACE DEVELOPMENT BANK

WORLD STOCK MARKETS

and his one heli kate			HONG KONG
STOCK	Sim Cit Act Pac Test Sig Sig Sig Meson Petroleum Sig Sig	7	St. St.
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FINANCIAL TIMES SURVEY

Monday June 30 1980

reight and Export Services

Though the economic indicators are gloomy, international commerce and industry continue to find new markets and send their goods around the world. The financing and expertise involved are described. as is the world trading climate's implications for the Third World.

Policies still to be resolved

By Frank Gray

JUST AS PEOPLE round the ord have come to develop an cute understanding of inflaon in recent years, so too their leaders begun to haw a broadened appreciation , international commerce and

What remains far from Joyeu, however, is whether not international commerce nouid be guided by policies of o ectionism, free trade or a ares of "fine tuning" checks id balances ements of both. Added to this leady broth is the question of hether a restraint of trade, or he even more extreme expedient of an embargo, can be used effectively to bring one nation's policies in line with those of

All of these factors have of how world trade should be conducted in the 1980s and 1990s, and they are forging the mest dynamic climate for inter-national commerce since the est of the 1939-45 war.

The calls for protectionism are being heard loudest from interest groups within the industrialised West seeking to protect home industries from turn seen, and the sum-rising cheap imports from Newly value of sterling in relation to Industrialised Countries (NICs) foreign currencies with all the problems this poses for British

The report of the Brandt Commission, under the chairmanship of Merr Willy Brandt, the former West German Chancellor, outlined the West's concern as follows:

"The demands for protection or subsidies . . . stem from political parties, business organisations and the manage-ment and unions in industries which are threatened by cutbacks, insolvencies and losses of jobs, especially when those jobs are concentrated in regions which do not offer immediate prospects of alternative employment.

"In a period of general recession these demands are understandable. It is the lives of people and their families that are involved and governments may be tempted to succumb to such pressures."

These interests are bringing increasing pressure on Britain to vacate its role as one of the world's leading exponents of free trade in favour of wider use of tariffs and other non-tariff barriers to trade. While the British situation is by no means unique, the UK handling of these pressures is well worth watching because of country's still-leading role in emerged as explosive elements international commerce — just in the international controversy under 10 per cent of all the world's commerce is handled

> The grim economic indicators fuelling such pressures are brief and to the point: unem

to rise to nearly 2m within a year, inflation at more than 20

On a global scale, the Brandt report notes that the "advanced industrial countries are in the midst of their worst recession since the end of the Second-World War."

"Six per cent of the labour force in the countries comprising the Organisation for Cooperation and Economic Development (OECD)—about 18m—are now unemployed. Allowing for part-time workers and underemployment, roughly twice this number in the labour force do not effectively contribute to production," the report says.

Resisted

OECD countries are expected to they successfully resisted presgrow by at most 2 per cent during the next 12 months (1980), thus making still less use of their productive capacity; the 2 per cent growth rate would be the lowest since 1960 except for 1975, and the average growth for the 1975-80 period at 3.6 per cent would be considerably below the 4.9 per cent average for 1960-70."

Thus far, Britain, for its part, has resisted the call for extensive import curbs. Such moves, said Mr. John Nott, the Trade Secretary, would create distortions in the economy, deprive UK manufacturers of needed imports, turn potential UK exports back into the UK market where insufficient supply would push prices up "thereby fuelling inflation and restricting consumer choice. The past year has seen con-

ployment at 1.6m and forecast clusion of the Tokyo Round accords on the General Agreement on Tariffs and Trade, But the Geneva-based GATT, whose rules regulate about 80 per cent world's trade, has seen only 23 OECD countries become signatories to the trade package with but a handful of developing countries adhering to it.

multi-fibre arrangement (MFA) brought in in 1973 to restore order to trade in textiles fact that the U.S. itself has is due to expire within a year and talks are set to begin on its renewal, but the outcome of them is by no means certain.

A spate of negotiations and actions has been undertaken by the U.S. to work a means of controlling disruption to its own economy by Japanese imports, mainly in the automotive field, but so far no amicable agreement between the two countries has been worked out. In fact, Japanese car manu-

In the present recession, the facturers have just reported that sure from their own Government to curb their successful exports to the U.S., despite a U.S. Senate resolution calling on the Government to help rebuild the car industry to meet foreign competition.

a problem for the U.S., Ford

Werke of Cologne has urged

the Bonn Government to con-

sider ways of curbing the flooding into West Germany. "We want free trade, but with equal chances for all," said Mr. Peter Weiher, managing board chairman of Ford Werke, said recently. "Where these do not exist, ways and means must be found to channel the flow of trade so that problems in one part of the world are not solved by endangering functioning industries elsewhere.'

On the other hand, a concerted counter-attack against imports into the EEC of lowcost chemicals, particularly from the U.S., is being planned by the European chemicals

Manoeuvres

But mixed in with this melange of what are seen as anti-trade manoeuvres is the trigger-price its suspended discourage foreign steel from being sold the U.S. at unfairly low Government officials, advocating support for the principles of free-trade, said the suspension was undertaken to prevent "over-protection" of

the American steel industry.

pose for the West, they appear to pale in comparison with the problems of the world's poorer countries, which have recorded debts of nearly \$300bn in the past six years; which now need an estimated \$35bn a year to service their borrowing; and which are faced with evergrowing problems of how to pay for their oil imports from the OPEC group of nations.

This goes to the heart of the Brandt Commission report, which said that the "most urgent need is for a programme of large-scale transfer of funds from north to south to be stepped up substantially from year to year during the final two decades of the century."

This problem was not lost on the seven national leaders from the West meeting in Venice last



delegation from the China National Chartering Corporation visits Hull docks. Exports to China are a major growth area for the British Transport Docks Board, with 1979 traffic 30 per cent up on the previous

week, who expressed the view that the oil-producing countries should show greater responsibility, both in fixing oil prices and in giving more direct aid to the Third World. A major international effort was required to help developing countries and to increase their energy produc-tion, and one possibility was the creation of a new World Bank lending organisation.

Perhaps most important of all, the seven promised to resist pressures for protectionist action, and reaffirmed their determination to avoid a harmful export credit race.

In spite of the worldwide implications of the current recession, international commerce will continue to grow. Last year, for example, the International Monetary Fund reported a global value of trade of more than \$1.5 trillion (million million), an increase from the 1978 figure of \$1.3 trillion. This compares with \$574bn in 1973 and only \$154bn

The overriding question for the business community is what will be the nature of that growth and what new lucrative markets Arthur Dunkel, who recently will evolve to replace, for example, the declining rate of growth in export sales to the oil-rich Middle East? Will the transport systems for the move-ment of goods continue to undergo the rationalisation that took place with the introduction of containers and the rapid expansion of air freight?

The emergence of freight forwarders, as a professional force. has done much to simplify the complexities of exporting especially for the newcomer. The Brance report torecasts

that while declining fertility will bring some small measure

was named as the new Director-General of GATT, succeeding Mr. Olivier Long, whom he formally replaces this autumn. In a recent interview, Mr. Dunkel expressed his concern that disputes threaten to tear the world trading system apart because Governments were

Exporting guide

Freight forwarders

growth, a 2-3 per cent annual

population growth rate will

result in a doubling of the

world's population within 25 to

To emphasise its call for vastly-improved trade between

rich and poor nations it warns

that a world of 15bn people

tially devastating" problem. It is those countries which have

managed to spread the benefits

of development widely that have

experienced orderly birth rates.

The question of whether the

growth will be orderly is one

that is much on the mind of Mr.

could well be beset by

Air freight

35 years.

But he expressed optimism that, in the end, nations will not harm themselves. The world's trading nations had tied their economies so closely that any move to break this interdependence would be unthinkable." he of control to world population said.

increasingly tempted to flout the

rules of free and fair trade.

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COLIP.' NYES should not decide to go for exports unless they are prepared to give "top priority" to prospective overseas busine. Ocassionally the decision will result in irritation, fristration, and may seem rewarding.

This advice to small compries with export ambitions comes from the British Oversers Trade Board—the body set up by the Government in 1972. "How to start exporting—a guide for small firms," by the Board may show the world of the exporter as one of dis-comfort and risk. The Board insists that export decisions should be subjected to "cold. hard calculation. as a major long-term decision of critical importance to the survival of

But these calculations can bring substantial rewards. They can be highly profitable and s trengthen the basis of thebusiness. This is the other side of the irritation and frustra-tion which may be encountered on the road to export success,

Companies, particularly the small, rising entrepreneurial venture, bursting with energy and enthusiasm, but without exporting experience, may be put off not by the challenge of long-term decisions, but b ythe complexity of the paper work.

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different variations from

The Board, in spite of its wish to encourage exports, does not hide the fact that to develop a growing export business stretches a company's commitments and puts a severe strain on financial and marketing expertise."

Exporting is also likely to be more risky than producing and selling goods in the home

market. So, in view of all the difficulties, would companies be better off not becoming embroiled in exports. The Board suggests the reverse and has developed persuasive literature to help the would-be exporter. It suggests after an internal decision has been taken, how to go about winning the potentially lucra-

sees "motivation" as the first. With his team he has organised monthly conferences since 1975. These have been held in most UK cities.

Case studies by existing exporters are given to audiences includeing shop floor represen-tatives. The next conference aimed at motivating exports will be held in Bradford next month, with another planned for Scotland in the autumn.

The Board also helps to launch "Export Clubs." These now number about 50. They are self-supporting and designed to help smaller companies share the experience of successful

The Board also tries to take the mystique out of exporting. The 200 regional officers and 200 staff in London and the South East visit exporters to discuss export problems and how Government services can

help.
Mr. Wilkes said that the per-sonal counselling service is "the most valuable thing we do." More than 50,000 visits are made each year.

Other Board services include the Export Intelligence Service. This is a computer-based operation designed to help companies overseas :

Alternatively, once the com-pany is armed with a precise knowledge of its markets it may then go on to an exploratory marketing venture.

Once again, the seemingly ubiquitous Board is prepared to help. It will pay half the return air fare to any country outside Western Europe, where a com-pany is taking part in a visit organised by a chamber of com-

Other Board schemes to help the would-be exporter, include formation about foreign competitors' prices and designs.

As many as 300 joint venture missions and trade fairs, involv-

participation in overseas trade fairs. These have a dual func-tion, allowing UK companies to show their wares and pick up in-

tive of the Board, who retires of commerce and the BOTB are later this year after five years, organised each year. One of the most recent was the U.S. Houston Offshore Technology Conference, attended by 162 UK

companies. Potential overseas importers are also brought to the attention of budding British exporters, through the BOTB's "inward mission schemes." Some £1m a year is spent on these ventures. which according to Mr. Wilkes, provide a "cost effective way of putting British companies in touch with importers."

Contact

The Board works with a spon-soring organisation, either a chamber of commerce or a trade association, and helps bring foreign potential buyers to

Britain. But for the small potential exporter, more concerned with the complexities and potential risks once he has established contact with a buyer, the Board has prepared a range of ser-

These are covered by the same to a domestic customer, and has to include all aspects of the delivery terms—these could be agreed with a forward-ing agent—and insurance.

The success of the bid to win an export contract with the Export Credit Guaran the successful execution of this successful execution of this tee Department insuring the

credit risk. The Board is also prepared to advance up to 50 per cent of some of the additional export costs such as office costs, travel. training and sales promotion. This is available at commercial interest rates plus a 3 per cent premium. The exporting company repays the Board if the contract proves profitable.

However, the Board takes afew months to assess applica-tions and so far only 70 such

schemes have been approved.
One of the most widely used
Board services is its funding of market research. The Board will pay up to one third of the cost of a research exercise using an outside consultant

But, in spite of the Board's comprehensive services the Gov-ernment has to cut cash limits. In the 1980-81 financial year the Board has been set a limit last year of 5 per cent. ..

The cuts will continue to the next export order. 1983-84 and there may be more

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signed's signature obtained for receipt of delivery.

Mr. John Wilkes, chief execu- ing trade associations, chambers jobs lost out of the board's staff

The clearing banks ere a ready source of help on documentation, payments for exports, credit insurance for exports, finance involving the

ECGD and the use of foreign currency.

But one of the most wakuable services available to would be exporters comes from chambers of commerce. Most are in touch with experienced ex-porters and can provide help and contacts. Some, including the London Chamber of Con-merce, provide assistance on market information and how to

unravel the complexities of export documentation. Mr, Charles Hart, of the Londen Chamber of Commerce's documentation department, provides a simple and easy to understand explanation of the main paths for would be exporters. He points out that the work starts with the quotation to the potential customer. This is unlike any quotation sent to a domestic customer,

the successful execution of this initial quotation. The quota-tion, including the all-important price, is the company's main point of contact with the buyer.

Everything depends on it importer has After the importer has accepted the quotation, he has to send his letters of credit to the British bank. This is then passed to the UK exporter explaining the date when the letter of credit expires. This is usually 14 days for an expensive the control of the

and 21 days for sea freightfrom the date of shipment. The letter of credit also specifies the rest of the decumenta-tion needed, including certifiof the commercial invoice and a bill of lading—the vital document which is used to record that the goods are actually on

the ship. After all documents have been exchanged and accepted, the export can go ahead, leaving the UK company with few worries apart from how it plans to win

Problems in financing

facing British exporters, ranging from the high value of sterling to political instability in many markets, are also being felt by the institutions which provide financial and insurance services, notably the clearing and merchant banks. and the Export , Credits Guarantee Department.

While those who provide these services normally will try to do all they can to help exporters, perhaps by adjusting their services accordingly. there is only a limited amount that they can do now, since most of the problems stem from factors which are outside their

With the recent difficulties in a number of profitable markets such as Iran, Nigeria, Turkey and other smaller countries, UK companies have been looking hard for new buyers abroad, particularl in view of falling demand at home. European markets, although

competitive, have become increasingly important to companies, and some developing countries such as Mexico and Zimbabwe are looking increasingly promising. UK banks have recently arranged credit agreements worth about \$150m (£65m) for sales of British equipment to Mexico. where demand is being fuelled

While it is likely that a considerable amount of similar business will come to the UK, it is not sufficient to replace that which has been lost in the past couple of years. These losses are also certain to be reflected in rising ECGD premiums, probably next year, when the department will be hard put to meet its target of accumulating a surplus of 2.25 per cent of its maximum liability. Last year this surplus was £2.7m, representing 2.4 per cent of maximum

liability.
Following a bad year of claims payments in 1978-79 (a total of £133.6m which was 42 per cent up on the previous year) due mainly to problems in Turkey, the department is now faced with sizeable payments on defaults in Iran.

Although it is extremely unlikely that the ECGD will be faced with a third bad year in a row due to another political unheaval in another major market, there is widespread uncertainty over Third World markets which is creating new insurance

business for the ECGD as businessmen hedge their bets. But in taking on new liabili-ties, the department is unavoidably making it more difficult for itself to meet its target ratio

between operating surplus and

CONTINUED ON NEXT PAGE

The only recent increase it has had is on premiums for comprehensive bank guarantees for exports sold on "open account" terms. But only about 1,400 of these policies are held. compared with a total of around 12,500, and the increase will merely mean that losses on this type of policy, which have been borne for some years, may now be avoided.

now be avoided.

Premiums on the policies were increased fro m25p to 50p per £100 of the exporter's agreed borrowing limit, with effect from April 1. The same applied from that date to comprehensive bank guarantees for exports to associated buyers on a bills or notes basis of up to two years' credit. For such business with other buyers, however, the premium remains 25p per £100.

Complaints

Another recent change introduced by the ECGD, and one called for by some exporters for a long period, is the end of the compulsory use of foreign currencies on large, specifically guaranteed overseas contracts, under its fixed rate export finance scheme. Despite some complaints recently that this was not being honoured, the ECGD points out that agree ments which were in the pipeline, designated in foreign currencies, could not be changed.

change indicates that there was not a great body of exporters wishing to get out of foreign currencies. Moreover, it will probably take time for the clearing banks to adjust the balance of their funds held in sterling for export finance

Many company finance directors take the view, contrary to other senior executives, that foreign currency financing has few drawbacks and can offer considerable advantages in particular cases. The ability to use sterling in large contracts merely gives greater flexibility,

A more recent change in an increasingly popular export finance scheme is the raising of the upper limit of guarantee under the British Overseas Trade Board's Market Entry Guarantee Scheme. This raises the limit from £100,000 to £125,000 per venture and applies to all applications dated from to all applications dated from July 1 this year. The scheme's minimum guarantee will remain

at £20,000 per venture. The scheme is designed to allow smaller and medium-sized companies

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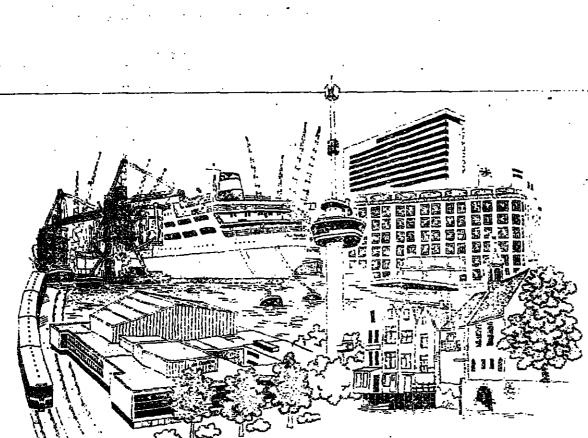
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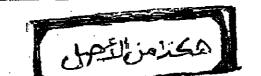
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accepted by Britain's trading

partners in the last century— but largely because they had little choice. Either they accepted the British goods on an

FOB basis, or—even more un-

acceptable nowadays-ex-works,

where the goods were in effect

left at the British company's

gates for collection by the buyer, or they went without.

delivered

Wider acceptance of the

would probably raise the profits

of the freight forwarders. This may be frowned on by British

exporters anxious to keep costs

FOB: for example, could involve

lown. But the alternative, to

domicile concept

HI FORWARDERS there, the forwarder may have handles the consignment up to at organisations about 80 ecni-and they also handle the company in the preparation Ly a slightly smaller propor- and presentation of the appro-

perts handled at British ports. at customs. The room for further expansion of the market share held by freight forwarders is, as a consequence, severely limited. However, the industry may find some growth through improvements in the range and quality of services offered to exporters and importers.

These changes may become icreasingly essential in a UK market which has more than 3,000 participants and which is less buoyant now than it has been for several years. In 1978. according to a survey on the industry by ICC Business Ratios. the average return on total assets in 60 freight forwarding companies surveyed was 4.8 per cent. Only 13 of the sample achieved a return of more than

10 per cent. Even the largest companies in the sector have not proved themselves immune to rising competitive pressures, as more and more small and mediumsized companies bid for business traditionally won by the big names. The LEP Group, quoted on the Stock Exchange, was the most profitable in the freight

turnover of £56m, a downturn of a warehouse, or, in the case compared with the previous of the importer wanting raw

by far the greatest been asked to arrange tranacross international frontiers. This would involve

on, about 70 per cent, of all priate documents for clearance Further tasks which may be undertaken by the forwarder include the preparation of documents customs clearance at the point of importation. In the most comprehensive

case—where forwarder is asked to handle the complete details of transport from the exporters's works to the importer's factory, in Italy, Poland, India or elsewhere the work is defined by " delivered

concept.
This is where the price quoted by the freight forwarder to the exporter is the total price for all aspects of transport, documentation, customs clearance paperwork, loading and offloading as the goods move from one continent to another and by one form of

transport and another. This concept has the attractive feature of enabling the UK manufacturer—in his drive for exports—to quote a total price for his goods to a would-be importer which includes all aspects of the transport and ago.

The group produced pre-tax profits of £4.5m from annual turnover of £56m, a downfired from factory gate to final destination, and even inside and on to the precise spot demanded by the importer. This may be a support of the first factor of

> the exporter in extra costs, in foreign exchange, if foreign transport is used from the UK point of export. The whole debate about the precise form of exporting procedures to be adopted by a British manufacturer with the help of the forwarder brings into focus the varying professional requirements for freight forwarders in Britain and in

the rest of Europe. In Holland and West Germany people can start work as freight forwarders only after a three-year training period.

In Britain, no formal require-ments exist and this has led to the proliferation of small, often one-man band companies claiming to offer comprehensive, fast

and reliable services.

But the Institute of Freight Forwarders, through the International Freight Forwarding Training Council, chaired by Mr. Kelleher, has already taken steps to improve the profes sionalism of freight forwarders, by devising training schemes.

The training council, and the training services division of the Government's Manpower Sera survey of manpower and training needs of the freight forwarding industry in 1978.

The detailed survey work was

carried out between May and August last year and it was estimated that Britain had a total of between 3,000 and 3.540 freight forwarding "units." The word "company" is not used because so many of them are one-man operations.

The survey estimated that 2,500 to 2,725 were registered companies with a turnover of over £10,000 a year (the break-point for VAT payments), leaving up to 1.000 with a turnover of less than £10,000—" usually one-man businesses" according

to the survey. The survey also estimated that the industry employed just over 56,000 people—over half were under the age of 31—but some of the companies interviewed showed little enthusiasm formal training, largely because of the expense. Never-theless, 20 per cent of companies said expansion of their freight forwarding operations was limited by the absence of trained managers or experienced clerical staff.

The skills needed by staff are wide-ranging. Forwarders give advice about finance and trade in foreign countries, they advise on packing, labelling and marking needed to comply with ing concept of FOB-free on the regulations of carriers and

They plan and cost routes, modes of conveyance so the the point where it is put on exporter can include details in Free on board quotes by the quotation; they reserve forwarder provide cheaper rates freight space and co-ordinate to the exporter - and may transport from one country to appear to make his final quoted the next; they prepare and price attractive to the importer. present all customs documents But the importer, particularly in continental Europe where and arrange import and export clearances and licences. And the "freight and carriage paid they pay port dues and insurto" — Franco — concept of "delivered domicile" is well established, traditionally has been used to considering quotes from suppliers of goods or ance and provide advice on exchange control requirements.

list of tasks, it is little surprise that the Manpower Services materials which included all the Commission concluded that transport and document require-"the freight forwarder plays an importan role in reducing the cost of exports and meeting delivery dates."

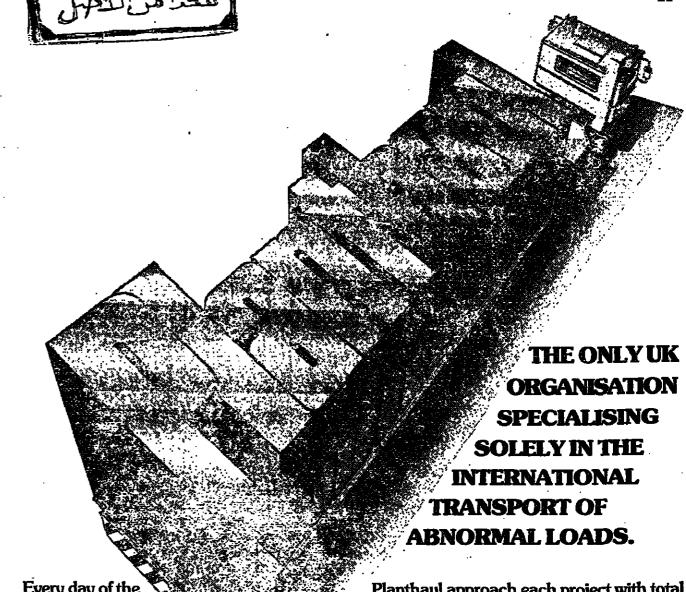
The commission added that ever, is faced with the difficulty that if he opts for the "in view of the role he plays in making UK exports more FOB quote of not knowing competitive in the world market, the importance of adequate staffing and effective training importer—his customer—will have to pay to get the goods to cannot be overstated.

Formal management training on a national scale is suggested as an integral part of career development. In particular, "skills in the motivation and supervision of staff should be regarded as a priority." Computer training and training in office efficiency are also

Since the report was published, the International Freight Forwarding Training Council has put some of its recommendapeople to be trained along the lines suggested have already begun a two-year course. So the industry can be of even more direct value to the British exporter than it has been in

Nevertheless, the industry despite the high standards set by Institute of Freight Forwarders' examinations, is still some way from the pattern of much of the Continent where minimum standards of entry to the industry are set as

Lynton McLain



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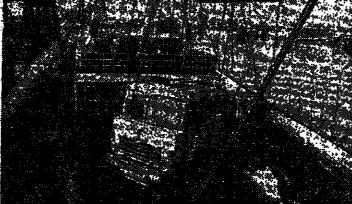
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Part of a 30-strong fleet of vehicles shipped to Sudan through the specialist forwarder F. G. Hammond International, to form the nucleus of a new transport consortium delivering to the country's

Similar stories come from the ext most profitable companies, this time in the private sector. Mann and Son (London) produced pre-tax profits of £1m in the 12 months to March 1978 and Thomas Meadows just below £1m, both down on previous

The strike by drivers employed by member companies of the Road Haulage Association in January 1979 is thought to have had a decimating effect on many of the small forwarders, particularly those operating on a one-man basis and sepecialising, for example, only in documentation.

Reliable

These reversals may have the effect of cutting the total size of some sectors of the freight when professionalism and a highly reliable, well-established business is most urgently required by exporters.

The traditional business of the freight forwarder is to act as a link between the exporter and his customer. In this sense the forwarder is certainly a middle-man, but only in the most unprofessional operations could this term be applied in a derogatory way, to imply sap-ping the profit margins of the exporter and hindering, rather than oiling, the relationship between exporter and the overseas customer.

Freight forwarders responsible for arranging transport from the exporter's works, to the airport, port, station or transhipment depot. From

Financing

year when it generated pre-tax materials or semi-finished pro-

warder arranges every detail. It has clear advantages for the exporter, according to Mr. Brian Kelleher, managing director of International Express Company,

operation with the state-owned National Carriers, to exploit the prehensive freight service. International Carriers, as it is called, provides a fully integrated freighting service but and simplicity.

markets.

"Delivered domicile" terms for exporting will certainly be offered to those companies which want it, but Mr. Kelleher for one knows that the battle is largely uphill to persuade UK companies to quote to their foreign customer the allforeign customer the all-embracing rate for factory gatedestination transport

The vast majority of exporters in Britain—up to 70 per cent according to International Express—still prefer to

of \$4.7m from turnover ducts from the UK, right up to the start of the processing line.

The partnership plans to introduce a simplified "master" document to cover all the needs approach may entice those small, aconymous companies of

stick to the traditional export-

Of course, this comprehensive concept of "delivered domicile" is as expensive as exporting can be, because the freight for-

International Express has recently formed a joint venture market for this type of comwith the emphasis on speed

of the exporter or importer, in place of the mass of complex documentation now required. The hope is that the simplified would-be exporters to take the plunge and go for overseas

osis, office accommodation and walkhousing which are parthe Common Market, North ticularly at risk in entering a America and the Middle East.

The scheme operates by providing funding for the propor-tion of eligible overhead costs it is prepared to insure, repayable at a commercial rate of interest through a levy on sales over the agreed period of the

In addition, the company pays a premium for the insurance element which relieves them of any shortfall in repayments at the end of the agreed period if the venture has not gone accord-

More than 50 such agree International Within on the ments are now in force under parameters of value,

manufacturing to insure part of the scheme, involving guaranterisk of entering a new export tees totalling £3.5m. The comment and provides evidence that goods have been exported. He can then obtain up to 90 per cent of the invoice amount for which he pays a 1.5 per cent over have rate plus a flat years. Markets involved include

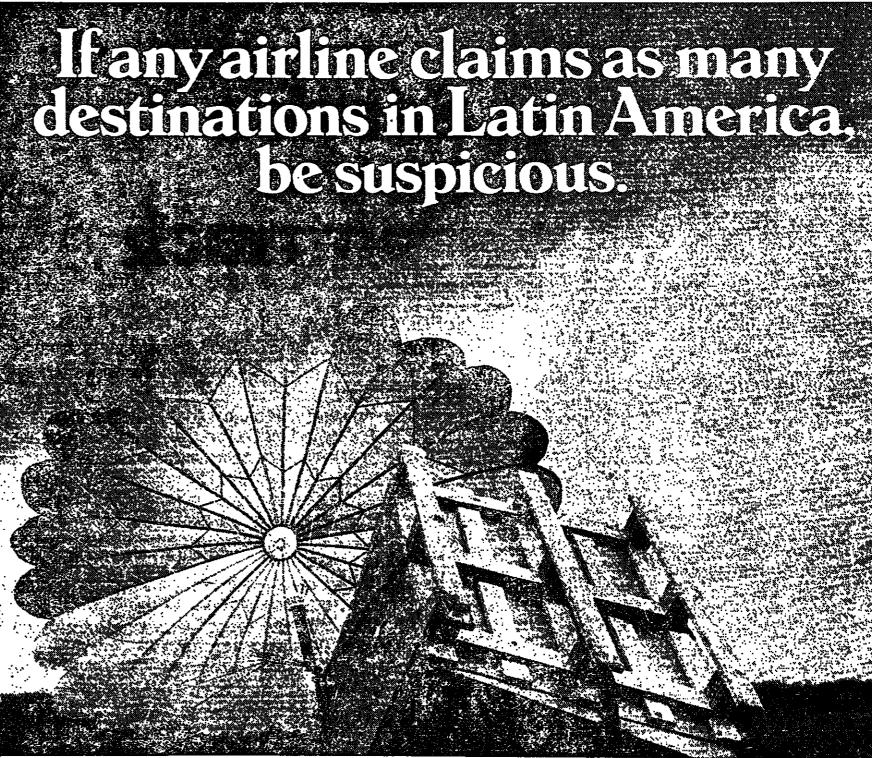
This, however, is only one of many forms of export finance offered by British and foreign banks in London, the latterhaving been quite active in the provision of foreign currencies. Nevertheless, the big four clearing banks continue to

dominate the market. . The most recent trend has been for the clearers to make the provision of export finance as straightforward as possible by themselves obtaining ECGD cover, along the lines of the scheme run by Midland Bank International. Within certain

for which he pays a 1.5 per cent over base rate plus a flat 1 per cent charge to cover the bank's own ECGD insurance and handling costs.

This sort of scheme is, of course, most suitable for smaller companies, mostly those with little experience of exporting or with only limited sales abroad. The larger companies, many of which have been dealing with the ECGD for many years, are generally aware of the range of services offered by banks and the ECGD, but nevertheless need to watch for constantly changing schemes which are offered to enable

Lorne Barling



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The ro-ro revolution still faces some old obstacles

MANY EXPORTERS still view reliability of the transport a ship, whether it be a cargo system and the effects of this liner or a short sea ferry, as a are only now starting to be separate link in their distribu-seen. Increasingly, exporters tion system rather than an are seeing the cost of sea transintegral part. Only recently port as part and parcel of their started to revise their ideas.

tional break-bulk cargo was pre-eminent, the shipping element of the distribution of of the distribution cycle was notably unreliable. Goods waited for days on the quayside and ships' schedules were Exporters changed. always had to leave a large margin when estimating deli-

unitised cargoes, either in the form of containers or roll-on/ roll-off (ro-ro) freight, has revolutionised the shipping of goods. Birmingham industrialists can now export to Japan confident that they can quote delivery times in days rather

Confident

The tremendous growth in ro-ro traffic has transformed the short sea traffic in much the same way as the container has affected the deep-sea trades. Ports such as Dover never close, and more than 500,000 accompanied vehicles pass through its gates on the way to the Continent every year.

facturers can dispatch their own vehicles confident that when they say their goods are going to be delivered in Milan on Wednesday, they really

distribution managers overall distribution and stocktarted to revise their ideas.

In the old days when conven-

> The big advantage of the ro-ro ferries is their flexibility. Exporters have a choice of literally dozens of UK ro-ro ports and even more services.
> Competition for business is keen and relatively small ports such as Dover and Felixstowe have taken an increasing amount of business from older ports such as Liverpool and

London.

The statistics underline the The statistics underline the massive growth of ro-ro traffic during the 1970s—a period during which the UK economy stagnated for much of the time. In 1973, 144,000 commercials arbitals used Britain's vehicles used Britain's ro-ro ferries. Last year, 325,000 used the ferries and over the last few years the numbers have been growing by around 15 per cent per annum.

The big question is how much longer can the above average growth rate of ro-ro traffic continue? Until now the traffic has been sustained by users switchinent every year. ing their goods from conventioned ships. However, there are ferries has meant that manu- grounds for believing that the

on Wednesday, they really The early traffic returns for 1980 indicate that commercial traffic is starting to fall, for the ro-ro ferry have increased the first time. Dover Harbour Board

UK RO-RO TRAFFIC

('000 units)

	Lorries	Trailers*
1973	144	147
1974	187	181
1975	209	184
1976	223	199
1977	273	-208
1978	281	246
1979	325	284

*including containers Source: British Business

figures for the first five months of 1980 show a 4 per cent drop in commercial vehicles and a huge one-third drop in other types of unitised ro-ro freight. Higher fuel costs are forcing

manufacturers to re-evaluate the wisdom of sending goods long distances by road. Often train services are cheaper. Does the saving in transport costs, for instance, outweigh the slower delivery times?

Until now the reliability of ro-ro services plus the flexibility it gave to road hauliers has been

becomes more complex. It is of transporting their goods noteworthy that after years of around the world. decline, British Rail's rail ferry

rapidly once again. people argue that if the sea ence or a non-conference journey is more than 200 miles, shipping company. However, alternative transport methods exporters now have the

extend up the Rhine. In the deep sea trades, the container has now firmly established itself, although deep sea ro-ro ships are in evidence on routes to places like West Africa Generally, ro-ro ships are still to be found wherever there is port congestion because of the speed of unloading. Over the longer term, however, the trend is towards

The Middle East services are now in the process of being containerised and the Latin America trades appear to be

In addition to the mechanical tion will not be reaped. next on the list. switch from conventional cargo traffic to intermodal containers,

growth of the ferries. But as having to assess the advantages. fuel costs escalate the equation and disadvantages of new means

In the past, for example, UK services have started to grow exporters doing business with Japan would normally send On the short sea routes ro-ro goods via a member of the Far ferries dominate but some East Freight shipping confer-

alternative transport methods exporters now have the may be more economical. Eire's additional choice of the Trans-Bell Lines, for example, has Siberian (TSR) landbridge built up a network of short sea which can carry containers far container routes which now more cheaply than traditional shipping companies.

Lower freight rates are always attractive but users of the TSR the need to support non-subsidised shipping services in good times and bad.

It is clear that while the container and the ro-ro ferry have revolutionised sea transport, users have not yet fully adapted themselves. The technology is ready but old attitudes to shipping still have to change.
Until they do the full henefits
of the container/ro-ro revolu-

Charters challenge for air supremacy

THE RAPID GROWTH which total UK exports in 1977, but British Shippers Council in a characterised the development accounted for only 0.4 per cent paper to the Civil Aviation of air freight in the 1960s and of exports by weight.

Authority in March. through much of the past decade is expected to continue, although at a substantially lower rate than in the past.

Rising fuel costs, the growing recession in international trade and the current price war among road freight haulage companies and among the operators of the short-distance, rollon roll-off ships which link Britain to the Continent of Europe, are all merging to undermine some of the recent spectacular growth in the air

For the best part of the last two decades, the proportion of the value of UK exports and imports moved by air almost trebled. In 1960, £444m worth of goods were airlifted into and out of Britain, representing 51 per cent of the UK's total trade. By 1977, the value of goods moved by air to and from the UK had shot up to £10.9bn—151 per cent of the UK's total

Exports traditionally have led the field in the air freight busi-ness, although in Britain the late 1960s and early 1970s saw imports by air overtake exports in terms of value. The greatest recent downturn in the fortunes of the air freight business came in 1974 after the Middle East war of the previous year. The sharp rise in the value of imported oil, by sea, led to a fall in the proportion of air imports in the total of nearly 2 per cent.

Value

But since the mid-1960s, when air freight first accounted for more than 10 per cent of Britain's exports, the air freight business has accounted for a rising proportion of total UK

The value of exports by air increased by 29 per cent in 1977 and imports rose by 27 per cent in value. This compares with a 27 per cent rise in total exports and a 17 per cent rise The value of air freight for the exporter and the importer

continues to lie in its speed. reliability, reduced chances of route and hence insurance—although crimes at airports can still represent a serious problem for the insurance companies-and its inherent suitability for the are members of the Intertransport of high value to national Air Transport Associaweight goods. Air exports tion, was the subject of a power-accounted for 17.1 per cent of ful attack on rate-fixing by the

by air in 1977. Precious stones accounted for 29 per cent of

total air exports. However, machinery, which accounted for 31 per cent of total exports by air, and transport equipment also remain important items for the air changes which have led to the boom to demand for the state of the state freighter

Evidence that the growth

which has been such a feature of the air freight business may soon start tailing off came last year in the first financial survey of UK airlines, passengers and freight published by Jordans The survey says that the change is linked with the reduction in spending by the members of the Organisation of Petroleum Exporting Countries and the rapid development of competitive Middle East port facilities.

Nevertheless, the survey forecast a long-term growth rate of about 9 per cent for air freight operators.

Charter operations have developed as one of the main growth sectors i nthe air cargo market, despite competition from the scheduled airline perators.

.However, the charter market for air freight offers the UK exporter substantial opportunities for the carriage of both large volumes or goods of awkward shape, since charter carriers tend to use all-cargo aircraft. The scheduled airlines, including British Airways are fighting back, however, with their own all-cargo jumbo jets, although rates for scheduled flights are between 20 per cent and 30 per cent higher than for corresponding charter flights, according to the Jordans survey.

Nevertheless, of cargo lifted by the scheduled services of UK airlines in 1977, . 65 per cent of the tonnage was in passenger aircraft.

. The question of the role of the scheduled airlines, which

The classic high value to The Council, part of Britain's weight material precious Freight Transport Association The Council, part of Britain's accounted for almost a which represents the transport stones—accounted for almost a which represent than 15,000 half of the £1.2bn rise in the interests of more than 15,000 half of the £1.2bn rise in the interests of more than 15,000 half of the £1.2bn rise companies callel for an end to value of exports from Britain companies, callel for an end to by air in 1977. Precious stones rate fixing by IATA, a plea for a simplification of tariffs, a closer look at air freight agents and a new approach from

boom in demand for air travel. Live animals, fresh fruit and vegetables, medicinal and pharmaceutical products and clothing are also a regular part of air freight imports and exports.

among passengers, was alsotaken up by the Flying Tiger Line of the U.S., one of the world's leading air freight airlines. Mr. William M. Caldwell, its vice-president for marketing. among passengers, was also called for an urgent streamlining of customs procedures to help meet the potetnial growth of the industry.

Pressure

The airline wanted comouterised customs facilities to be introduced on a wide scale. to help speed the flow of traffic and to reduce airport congestion. Mr. Caldwell said that IATA

should take the lead in the development of a single, computerised customs clearance Most of the British Shippers

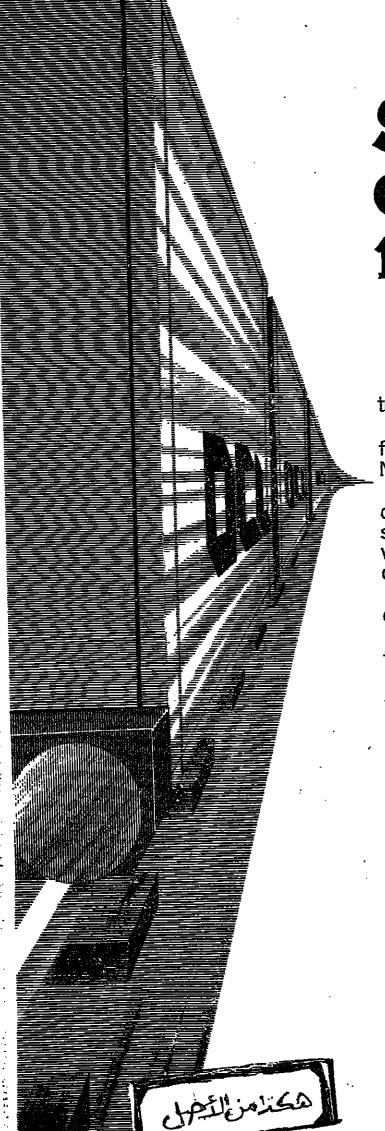
Council's comments were aimed at encouraging the CAA to put pressure on IATA so that airlines should be encouraged "or. even directed " to disband rate fixing procedures.

The council said that rate fixing supports the inefficient. eliminates competition and enables those with vested in terests to hold back true com mercial development.

The council also changes in the tariff system "now so complex it almost defies interpretation." on a priority express service for small consignments, a prebookêd reliable departure service, unbooked, off-peak or fill-up service and a negotiable part charter service for shippers.

the British Shippers' Counc with airlines, shippers and freight forwarders with the object of securing an air freight policy "acceptable to spheres of British interest.

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McKechnie Ln. 5pc

Manganese Bronze BlapcPf. 2.8875pc

Manganese Bronze BlapcPf. 2.5pcPf.

1.925pc

Marshalls (Thomas) (Lmdey) 7pcPf. 2.45pc

Marshalls (Hailfax) Db. 34spc

Marshalls Universal 71spcPf. 3.75pc

Martin Estates Db. 2pc

Martin Estates Db. 2pc

Cumberlair Phipps SpcPf. 2.5pc. Ln.
4epc
Garlwood Alliance Db. 4-spc
Person 7pcPf. 2.45pc
Person Poper. 2.5pc
Person Poper. 2. Offind (Charles) SpCPY. 2.1pc Obe Port Authority SpCIrcl. 1 hpc. 4pc Ind. 2pc Costs Parons 2.8p. 4pcPf. 1.4pc. 6pcPf. 2.1pc. Lns. 24 3h 34pc Offins (William) (Hissa.) Db. 3pc Conan (E. Alec) Inv. Db. 43pc Plasta Inv. Db. 33pc Offins Inv. 33pc Of

> 31:00 13: 17 24 (1972-87) 24 (Hidus.) 5.25pcPt.

hinson Ld. 3'apc Signs 7pcPf. 3.5pc (Leeds: 5'pocPf. 1.925pc

Durtile Steels SpcPf. 2.1pc
Durty Bitumasik In. 54pc
Bufay Titunic 34pc
Dunlop Dbs. 24 34pc. In. 4pc
East Lancashire Paper Grp. In. 34pc
East Lancashire Paper Grp. 175pc
East Lancashire Paper Grp. 175pc
East Lancashire Paper Grp. 175pc
East Lancashire Paper Grp. 100c
East Lancashire Paper Grp. 100c
East Lancashire Paper Grp. 175pc
Edwards (160k) C.7 SpcPf. 20c
East Lancashire Paper Grp. 100c
East Lancashire Paper Grp. 100c
East Lancashire Paper Grp. 100c
East Lancashire Paper Grp. 175pc
East Lancashire Paper Grp. 175pc
East Lancashire Paper Grp. 175pc
Extra Lancashi

WEEK'S FINANCIAL The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown

Milford Docks Db. 1 lapt
Minden Inv. 15t. Ln. 4 lapt
Mitchell Cotts 51sePf. 1.925pc, 4 laptPl.
1.575pc. Tst. Dbs. 1 la 2 2 lapt
Monts inv. 15t. Dbs. 1 la 2 2 lapt
Monts of Knittleg Millia) 5pcPf. 1.75pc
Moorside Tst. Db. 4 lapt
Moorside Tst. DbcPf. 5pc
Morland 1 b
Mucklow La. and J.) 7pcPf. 2.45pc
Murray Western Inv. Tst. Dbs. 1 la 2 lapt
Murray Western Inv. Tst. Dbs. 1 lapt
National Westminster Bank Fitg. Rate Cap.
Ln. 4 lapt National Westminster Bank Fitg. Rate Cap.
Ln. 4192 Cons. Copper Mines Pf. 21:pc.
Pf. 22;pc.
Neill Claimes Ob. 51:pc
New London Props. Dis. 1's 27:pc
New London Props. Dis. 1's 27:pc
Newman Inds. Ln. 51:pc
Newman Inds. Ln. 51:pc
Newman Inds. Ln. 51:pc
Newman Inds. Ln. 51:pc
Newman Inds. 7:pcPf. 2.45:pc. BpcPf. 2.8pc.
Db. 31:pc
Newton Chambers 5pcPf. 1.75:pc
Northern Englinearing Inds. 3pcPf. 1.5pc.
Northern Englinearing Inds. 3pcPf. 1.25:pc.
Db. 51:pc. Lns. 51:pc
Northern Securities Tst. Db. 31:pc

5.375ncPf. 2.6875pc. 8.25pcPf. 4.125pc. Dh. Signt. Las. St. 4ipc. Northern Securities Tst. Db. 3ipc Offex Gp. Db. 2ipc Orme Developments In. 4ipc Orme Developments In. 4ipc Orme Developments In. 4ipc Orme Development Corp. SpcPt. 1.75pc Parameurt Realty Db. 4ipc Pearson Longman Lrs. 4 4ig 1Digot Pearson (St.) SpcPt. 1.75pc, Do. Ln. 2 4ig 1Digot Offer Gp. St. 5ig (Ptly, Cnv.) pc. 1.75pc, Do. Ln. 2 4ig 1Pillon (Mun. of) SpcStp. In. of 1911 (Plent—Int. Now 1ipc 2ipc Priliage (Mullian) SipcPt. 1.925pc Pillon Finarce Ln. 2ipc Pickles (William) SipcPt. 1.925pc Pitter Bowes Ln. 2ipc Pitter Bowes Ln. 2ipc Pitter Bowes Ln. 2ipc Pitter Bowes Ln. 2ipc Prochim O.875p Dorter Chadburn SpcPt. 2.1pc Priost (Benjamin) Db. 3pc Proce (UK) Db. 5ipc Proprieters of Hay's Wharf 6ipcPt. 2.275pc, Ln. 4ipc Provider Financial TpcPt. 2.45pc

(fmlv. 7pc) Red.Pi. 1988-88 2.45pc. 9pc
Red.Pi. 1980 4.5pc. Dbs. 2 21 51 5
64pc
Forte Db. 3.05ec
Fortaum and Mascon 7ocPi. 2.45pc
Fortaum and Mascon 7ocPi. 2.45pc
Fortaum and Mascon 7ocPi. 2.45pc
Fortaum and Mascon 7ocPi. 2.1875pc
Fortaum and Mascon 7ocPi. 2.1875pc
Fortaum and Mascon 7ocPi. 2.1875pc
Fortaum and Fortaum 22:pc
Francis Industries 51-pcPi. 1.925pc
Francis Industries 51-pcPi. 1.925pc
Francis Parker Ln. 34ppc
Francis Parker Ln. 34ppc
Francis Parker Ln. 34ppc
Francis Parker Ln. 34ppc
Francis Mith and Turner 6pcPi. 2.1pc
GATX Corp. 55cts
GR Hidga. 6pcPi. 2.1pc. 10-pcPi. 5.25pc
GT Japana Inv. Tst. Ln. 41-pc
Garnar Scotbiair 6pcPi. 2.1pc
Gaskell Broadlear 5pcPi. 1.75pc
Gea. Accident Fire and Life. Asscc. Corp.
Ln. 3ia 34pc
Gen. Cons. Inv. Tst. Ln. 24pc
Gillians and Lewis-Fraser Ln. 24pc
Gillians and Durfus 6pcPi. 2.1pc
Gillians Durfus 6pcPi. 2.1pc
Gillians Cons. Inv. Tst. Ln. 5pc
Gillians The Durfus 6pcPi. 2.1pc
Gillians The Durfus 6pcPi. 2.1pc
Gillians The Durfus 6pcPi. 2.1pc
Gillians Francisch 1.5pc
Granman Stocken Tst. Db. 2pc
Gaynwa 74pcPi. 2.7125pc. Ln. 3pc
Granman Hidga, 7pcPi. 2.45pc. Db. 34pc
Grasham Pi. 3pc
Group Investors Db. 21-pc
Grasham Pi. 3pc
Group Investors Db. 21-pc
Gulmess Peat 4.2pcPi. 2.1p
Guthrie 3.925pcPi. 1.925pc
Hall and Ham River Dbs. 23 34pc
Hall Engineering 61pcPi. 2.275pc. Ln. Priost (Benjamin) Do. 3pc
Proprietors of Hay's Wharf 61pcPf.
2.275pc, Ln. 44pc
Proprietors of Hay's Wharf 61pcPf.
2.275pc, Ln. 44pc
Provincial Laundries Ln. 6pc
Quick (H. and J.) 10pcPf. 5pc
Rank Dryn. 125pc
Rank Dryn. 125pc
Rank Precision Incs. 24 3 4pc
Rank Precision Hay. Ob. 3*ppc
Ranks Hovis McDougail Ln. 3*ppc
Revise (F. J.) Db. 51pc
Revise (F. J.) Db. 51pc
Revise (F. J.) Db. 51pc
Revise Property Ln. 44pc
Revise (F. J.) Db. 51pc
Revise Revise Property Ln. 44pc
Revise Revise Property Ln. 44pc
Revise Ln. 5pc
Revise Transcriptor Corp. Ln. 3*ppc
Richtage Ln. 5pc
Richtage Ln. 5pc
Robertson Foods 5.5pcPf. 2.75pc
Robertson Bros. (Ryders Green) 11pcPf.
5.5pc
Rockware 61pcPf. 2.275pc

Robertson Pous 3-sptr. 6.79m.
Robinson Bros. (Ryders Green) 11pcPf.
5.5pc
Rockware 6!spcPf. 2.275pc
Rolls Rovce Motors Ln. 4pc
Romey 7st. 5pcPf. Ln. 2*spc
Romey 7st. 5pcPf. Ln. 2*spc
Rownere Mackindoch 6pcPf. 2.1pc. 7pc
Rownere Mackindoch 6pcPf. 2.1pc. 7pc
Pf. 2.45pc. 7hpcPf. 2.525pc
Rowton Hotels Db. 54pc
Rowal Worcester Ob. 3*spc
Ruberold In 54pc
Ruberold Stores Inc. 3 3*spc
Safeway Stores Inc. 65cts
St. Andrew Tst. Pf. 54 1.8375pc
St. Catherines College Cambridge Db.
3*spc Additional Property 1.75 pc Hampson La, 4pc Hampson La, 4pc Hampson La, 4pc Hampson La, 4pc Hampson Tst. 71gpcPH. 2.525pc Hardy (Farnishers) Db. 31gpc Harris. (L.I. (Harelia) 5pcPf. 1.75pc Harries. (L.I. (Harelia) 5pcPf. 1.75pc Harries (Harries) Db. 3 4pc Harries (Harries) Db. 3 4pc Hawley Lejsure Ln. 6pc Hawthorne (R. and W.) Lesile 4.2pcPf.

St. Catherines College Cambridge Db. 3/spc
Samuel Properties Db. 3/spc
Sawby Morci Db. 4pc
Sawby Morci Db. 4pc
Sawby Morci Db. 4pc
Schröders Ln. 4/spc
Scott Bowyors Ln. 4/spc
Scott Bowyors Ln. 4/spc
Scottish and Mercantile Inv. Db. 3/spc
Scottish Australian Db. 2pc
Scottish Australian Db. 2pc
Scottish Eastern Inv. Tet. 4/spcPf. 1.575pc
Scottish Heritable Tst. 7pcPf. 2.45pc
Scottish Martinala Tst. Dbs. 2/s (1966-81)
2/s (1974-84) pc
Scottish United Investors Db. 3/spc. Db.
2pc

Shaw (Francis) SlacePr. 2,625pc. Ln. 3lace Sheffled Twist Ortil and Steel 5pcPr. 1,75pc Sheffled Insurance 12pcPr. 4,2pc Ship Mortpage Finance Db. 4pc Shipstone (James) Db. 2pc Sironde Ln. 3lpc Sironde Ln. 3lpc Sironde Ln. 3lpc Sironde Ln. 3lpc Sironde Finance Db. 4pc Sironde Finance Db. 4pc Sironde Finance Db. 4pc Sironde ThipePr. 2,625pc Sironde ThipePr. 2,625pc Sironde ThipePr. 2,625pc Sironde Finance Finance Committee Allied Learner (no. 1967). 2.7pc. Amaignated Metal Corp. 5.4pcPl. 2.7pc. 6pcPl. 2.1pc. B.A.1. Org. Dis. 69.

B.C. S. S.2p. SigetM. 1.925pc. 6pcPt.

2.1pc

S.C. Pootwear Deb. 2tpx

B.S. Intal 1.042505p

B.S. Intal 1.042505p

B.S. Intal 1.042505p

B.S. Intal 1.042505p

Babia is. off Spc Gold In. 1913 Plan A

180c 2tpc. Spc Funding Ln. of 1828

iPlan A 18pc: 2tpc

Spc Funding Bds. 1915 Plan A 18pc)

2tpc

Baird (William) 7p

Baring Bros. 4tpc 1st Pt. 157.5p. 7tpc

2ddPt. 2.525p

Barton Transport SpcPt. 2.8pc

Belgrave (Blackheath) 1.5p

Berkeley Hembro Pryty. SpcPt. 1.75pc

Bestboel SpcPt. 1.75pc. SipcPt. 1.925pc

Birmingham 3tpc 1946 14pc. 2pc 1926

Birmingham 3tpc 1946 14pc. 3pc 1902 15pc

Birmingham Dist. Invest. 7st. SpcPt. 1.75pc

Black Edgington Units 2.8p Blackburn 3tpc Irrd. 14pc. 4pc Cons. Db. 2pc Blackett Hutton 5tpcPf. 1.925pc Blockleys 6pcPf. 2.1pc Bluebird Confectionary 6pcPf. 2.1pc Booker intl. 2p Booker McConnell 7.5p. 6pcPf. 2.1pc Booker Hawkes 5tpcPf. 1.925pc. 7pcPf. 2.45pc. 7pcPf. 2.45cc
Bournamouth District Water 9pc Red, Pf.
1985 3.671pc. 3.5pc (fmly, 5pc) Cons.
Ord. 1.75pc. 2.8pc (fmly, 4pc) Pf. 1.4pc.
8pc Red. Pf. 1982 4pc
8pc Red. Pf. 1982 4pc
8pcstead, 1p
8powthorpe 1.435p
8pridon 6pc Pf. 2.1pc
8pristol Waterworks 3.5pc (fmly, 4pc)
8pc Red. Pf. 1982 4pc

Tate and Lyle Ln. 3 apc
Tebbit (Temp. Susp.) Ln. (Temp. Susp.)
11/4/807 Pinc. Susp.) Ln. (Temp. Susp.)
11/4/807 Pinc. Susp.) Ln. (Temp. Susp.)
12 pc. Signer. Db. 1994-99 Zignc
Tendring Signer. Db. 1994-99 Zignc
Tendring Hundred Waterworks Db. 2pc
Thomson Orga. 21.7pcPf. 10.85pc. Dbs.
11/2 33-pc. Ln. 33-pr
Thomson Orga. 21.7pcPf. 10.85pc. Dbs.
51.514 Db. 53.764
Tilley Lamp 4.2pcPf. 2.1pc
Time Products Db. 31-pc
Time Furnishing IProper. Dbs. 21/2 3pc
Town and City Properties Lns. 3 7pc
Trafalgar House 71-pcPf. 2.5375pc. Db.
31-pc. Ln. Signc. New Ln. 52.75
Trafford Park Ests. Dbs. 311/2 41-pc
Transport Development 61-pcPf. 2.275pc.
6pcPf. 2.1pc. Lns. 33-32/4 41-pc
Tribune Inv. Tst. Db. 2apc
Tube Inv. Lns. 2.9 3.75 4.5pc. Ln. 31-pc
USMC Intell. Lns. 4pc (41/2 with warrants)
pc
USMC Intell. Lns. 4pc (41/2 with warrants)
pc
Unicorn inds. Lns. 44/4 Spc Boutlead-, 10
Bowring (C. T.) 4.53p
Bowring (C. T.) 4.53p
Bowring (C. T.) 4.53p
Bridon 6ptP, 2.1pc
Bristol Waterworks 3.5pc (fmly 5pc) Pf.
1.75pc. 3.5pc (fmly 5pc) Pf. 1980-81
1.75pc. 3.5pc (fmly 5pc) Pf. 1980-82
1.925pc. (fmly 5lgc) Pf. 1982-82
2.0125pc. 4.5pc (fmly 6lpc) Pf. 1980-82
2.0125pc. 4.5pc (fmly 6lpc) Pf. 1980-82
2.2275pc. 8lpc Pf. 1982-4.2pc
Boch. 1985-4.5pc (fmly 6lpc) Pf. 1980-82
2.2275pc. 8lpc Pf. 1982-4.2pc
Boch. 1986-4.5pc. 4.5pc (fmly 6lpc)
British Pollumbia Electric 2pc
British Pollumbia Electric 2pc
British Pollumbia Electric 2pc
British Transpol Lebe. 1977-88 11pc
Bulmer Lumb 2.17p
Bulmer H. P.) 91pcPf. 4.75pc
Bulmer H. P.) 91pcPf. 4.75pc
Bulmer Lumb 2.17p
Bulmer H. P.) 91pcPf. 4.75pc
Calcutta (Port: 5pcDba. 2:pc
Calcutta (Port: 5pcDba. 2:pc
Calcutta (Port: 5pcDba. 2:pc
Candinal Marchael 2.24pc
Candinal Inv. Dba. 11, 2 24pc. 5pcPf.
1.75pc
Cedar Inv. Tst. 21pc
Central Shope Marchael 1970-89 11pc
Central Shope Marchael 1970-89 11pc
Cont. Union Tst. Dba. 21, 23pc. 5pc
Cont. Union Tst. Dba. 21, 23pc
Cont. Union Tst. Dba. 21, 22pc. 41pc (now 3pc) Bals 1893 24pc
Contex Bros. A 2.12p
Cont. Union Tst. Dba. 21, 175pc
Cont. Union Tst. 2007 11pc
Cont. Union Tst. 2007 11 USMC Intri. Lns. 4½ (4½ with warrants) pc
USMC Intri. Lns. 4½ Spc
Unicorn inds. Lns. 4¼ Spc
Unique Obs. 2½ 2½ 3½pc. Ln. 3½pc
Unique Uns. Lns. 2¼ 3½pc
Urd. British securities Tst. 5pcPt. 1.75pc
Urd. Dominions Tst. 3.15pc 1st. 2nd and
3rdPt. 1.575pc. Ln. 8pc
Urd. Gas Inds. 71pcPt. 2.625pc. Db. 3½pc
Urd. Gas Inds. 71pcPt. 2.625pc. Db. 3½pc
Urd. Gas Inds. 71pcPt. 2.625pc. Db. 3½pc
Urd. On Newspapers 5pcPt. 2.1pc
Victor Value Db. 3nc
Viking Resources 1.58p
Wandidington (John) 6pcPt. 2.1pc. 8pcPt.
2.5pc
Wadker Besources 1.58p
Wandidington (John) 6pcPt. 2.1pc. 8pcPt.
2.5pc
Wadker Spc Staff Ln. 4½pc
Walker Bnd Staff Ln. 4½pc
Ward Walter Ln. 4pc
Ward Walter Ln. 4pc
Ward Walter Ln. 4pc
Ward Walter Chos. W.) Db. 4½c. Ln. 5½pc
Ward Walter Chos. W.) Db. 4½c. Ln. 5½pc
Ward Gas and Gapc
Water Db. 31 Spc Ln. 6½pc
West Riding Worsted and Woolien Milks
6pcPt. 2.1pc
Western Dodars Tea 6pcPt. 2.1pc
Whessoo Db. 31ipc
Whitworth and Mitchell Textorial Ln. 3½pc
Wilkinson Match 5½pcLn. 5pc
Wilkinson Match 5½pcLn. 5pc
Wilkinson Match 5½pcLn. 5pc
Wilkinson Match 5½pcLn. 5pc
Wilkinson Bros. Ln. 3½pc
Wilson Bros. Ln. 3½pc

Wilkinson Match 5-19c1n, 5pc
Williams and James (Engrs.) 9.5pcPf.
4.75pc
Wilson Bros. 1n, 34pc
Wilson Bros. 1n, 32pc
Wilson Clore Mayer Corp. Db. 1983-88
31apc
Wolverhampton and Dudley Brewerles Ord.
Units 3p. 5pcPf. 2.1pc
Wood (Arthur) (Longbort? 71pcPf. 2.625pc
Wood (All Tst. 61pcPf. 2.2275pc
Wright (Retail Grocers) Db. 3pc
Yeoman Inv. Tst. 24pc
York atterworker 3pcRed.Pf. 1980 Db.
70rkshire Chems. 5pcPf. 1.75pc. Ln. 61apc
Yorkshire Che

81 1.925pc. 4.2pc (trily 6pc) Pf. 1976.
80 2.1pc. 4.2pc (trily 6pc) Pf. 1982-83
2.1pc. 4.2pc (trily 6pc) Pf. 1982-83
2.1pc. 4.2pc (trily 6pc) Pf. 1982-83
2.1pc. Dbs. 2 (Jan. July) 2½ (Jan. July) pc
East Wortestershife W 2.8pc (frily. 4pc)
Red. Pf. 1.4pc. 4.2pc (frily. 6pc) Red. Pf. 1983-85
2.1pc. 4.5pc (frily. 6lopc)
Red. Pf. 1992-94
3.15pc. 6.3pc (frily. 9pc) Red. Pf. 1982
4.5pc. Dbs. 19. 24, 24, 35, 4 5lapc
Eastbourne Waterworks 5.0pc (Imily. 6pc)
Red Pf. 1983-89 2.0pc.
Red Pf. 1986-89 2.0pc.
Red Pf. 1987-8pc
Edition B. 4lpc Pf. 1.575pc
Edition B. 4lpc Pf. 1.575pc
Edition B. 4lpc Pf. 1.575pc
Edition Foreign Brown Brown Foreign
Earnel East-alpha Brown Foreign
European Foreign

eneral lovestors Trustees 3.15pcPf.
1.575pc
eneral Scottish Trust SpcPf.
1.75pc
eneral Telephone Elec Corp. 68 cts.
III. Duffus Group Ord. Umits 4p
ovett European Trust 2.8p
rahm Metropolitian SpcPf.
1.75pc, 64pcPf.
2.14875pc
reat Universal Stores 44pcPf. A. C
1.575pc, 7pcPf.
2.45pc. Ln.
23, 33p

Kwik Save Discount 1-39

IK Indus. Invests. 5pCPT. 2.1pc

Lafarge SA FF.15

Lake View Inwest. TSL 2-5p. Dbs. 14.

21goc

Laughton 71gs:Pf. 2.525pc

Lee Valley Water 2.5pc: fmlv 4pc) Ord.

1.4pc. 3.5pc (fmly, 5pc) Ord. 1.75pc.

2.8pc (fmly, 4pc) Pf. 1.4pc. 3.85pc (fmly, 5pc)

1.4pc. 3.5pc (fmly, 5pc) Ord. 1.75pc.

2.8pc (fmly, 4pc) Pf. 1.4pc. 3.85pc (fmly, 6pc Rd. Pf. 1984-85 1.825pc. 4.2pc

(fmly, 6pc Rd. Pf. 1982-84 2 1pc. Dbs.

2.2p. 24. 3. 34. 31c. 33. 34. 4pp:

Leeds 21goc Rd. 1927 or after 11pc. 3pc

Leeds and Dist. Divers and Finishers 1p

Ley's Foundries and Enging. Ord. Units

1.05p

Lileshell Spc.Pf. 1.75pc

Lincoln 3pc Red. 1919 1;pc

Liver A Country Free-pld and Lessehold prop. Dbs. 14 31; 52 3;pc

London Assur. 4p:Pf. 1.4pc

London Assur. 4p:Pf. 1.4pc

London Frick 8pc.Pf. 2.5pc

London Frick 8pc.Pf. 2.5pc

London Fountry Free-pld and Lessehold prop. Dbs. 14 31; 53 3;pc

Lyon & Lyon StopePf. 1.925pc

Machellan (P. & W.) 0.83p

Machellan (P. & W.) 0.83p

Manchester Ship Canal Drob 1%. 2

(Peropo. Debs 14 (Reg.) 2 (1pt Reg.).

12 (2nd Reg.)sc

Marks & Spencer 7pc.Pf. 2.45pc

Metrov Q.5p

Metrov (M. L.) 712pc.Pf. 2.625pc. 5pc.Pf.

2.8pc

Mid Kent Water 8pc.Pf. 1981 4pc. 9pc.Pf.

4.5pc

Mid Southern Water 2.45pc (fmly, 312pc)

Perp. Pf. 1.225pc 315pc (fmly, 41pc)

Perp. Pf. 1.225pc 5a15pc (fmly, 41pc)

Meyer (M. L.) 7120CP. 2.625pc. BpCPI.
Meyer (M. L.) 7120CP. 2.625pc. BpCPI.
Meyer (M. L.) 7120CP. 2.625pc. Mids Kent Water 8pcPI. 1981 Apc. 9pcPI.
A.5pc.
Mid Southern Water 2.45pc (fmly. 312pc)
Med Pi. 1980-31 1.5f Spc. 3.5pc (fmly. 32pc)
Red Pi. 1980-31 1.5f Spc. 3.5pc (fmly. 3pc)
Red Pi. 1980-31 1.2f Spc. 4.2pc (fmly. 6pc)
Red Pi. 1980-31 2.2f Spc. 4pc. Pi. 1982-83
1.925pc. 4.2pc (fmly. 6pc)
Red Pi. 1980-81 2.2f Spc. fpc. Red. Pi. 1984-85 2.1pc. 4.2pc (fmly. 6pc)
Red Pi. 1980-81 2.2f Spc. fpc. Red. Pi. 1984-86 2.1pc. 4.2pc (fmly. 6pc)
Red Pi. 1980-81 2.2f Spc. fpc. Red. Pi. 1984-86 2.1pc. Apc. 10pc
Mid-Sussey Water Debp. 41; 21pc
Mid-Sussey Water Debp. 41; 21pc
Mide 1.716pc
Monsanto Deb. 3pc
Mothercare 3.38p
Mount Charlotte Inv. 0.7p
Mowiem (J.) 5.23pc
Morterare 3.38p
Mount Charlotte Inv. 0.7p
Mowiem (J.) 5.23pc
Murray Caledonian Inv. Tst. 5pcPi 1.75pc
National Electric Consten. 5pcPi. 1.75pc
National Loan 71pc 1981-85 34pc. 94pc
1989-94 43pc
Needlers SpcPi. 2.1pc
New Erunswick Railway Deb. 2pc
New Zealand 74pc 35pc. 20pr 54pc Bds. 21pc
New Erunswick Railway Deb. 2pc
New Erunswick Railway Deb. 2pc
Northern Ireland Elect. 71pc 34pc
Northern Fets Auth. 6pcLn. 3pc
Northern Fets Auth. 6pcLn. 3pc
Northern Ireland Elect. 71pc 2.1pc
Northern Ireland Elect. 71pc 34pc
Northern Fets Ets. 51pcPi. 1.925pc
Northern Fets Ets. 51pcPi. 1.925pc
Northern Fets Ets. 51pcPi. 1.925pc
Northern Fets. Tst. 51pcPi. 1.925pc
Northern Fets. Tst. 51pcPi. 1.925pc
Northern Secs. Tst. 51pcPi. 1.925pc
Northern Gene BocPi. 2.1pc
Northern Mon. 2pc
Peninsular Oriental Did. 4p.
Pentland 1p
Pettow 10pcPf. 5pc
Pharaoh Gane 8pcPi. 2.1pc
Portages 3pc (1st serles) 11pc. Do. (2nd serles) 11pc.
11pc.
11pc.

2.8pc Superior 2.1pc Spcrit 2.8pc Reading Spc 11-pc Rectitt Colman Socpt 1.75pc Rectitt Colman Socpt 1.75pc Rectitt Colman Socpt 1.75pc Rect (Austin) A 2.45p Renold Spc.Pf. 2.1pc Rep. New York Corp. 63 cts Richardson Westgarth 2.45p Rich

1981 Apr. 3.5pc dmly. Spc) Mag. Ord.
1.75pc model of the control o

Gough Cocset

Thormal Syndicate
DIVIDEND AND INTEREST PAYMENTS
DIVIDEND AND INTEREST PAYMENTS
Aberthaw & Bristol Channel Portland
Cement 5.5136p
Do. 719cPt. 2.625pc
Akrove & Smithers 7p
Amalgamated Power Engineering 3.080
Birmingham Floating Rate 1983-85 84pc
Birmingham Floatingham 1.5p
Cart 1990-87 199

Usher Walker Scott. 1.75pc

Usher Walker Scott. 2.40695p

Ward Throad W. 2.40695p

West Hampshire Watar S.15pc (Imly 4)pc)

Pl. of C10 1.575pc. 3.85pc (Imly, 5)pc)

Pl. of C10 1.575pc. 4.2pc (Imly, 6)pc)

Pl. of C10 1.575pc. 4.55pc (Imly, 6)pc)

Ro.-81 1.575pc. 4.55pc (Imly, 6)pc)

Ro.-81 1.575pc. 4.55pc (Imly, 6)pc)

Ros-84 2.275pc. Debs. 2.21-pc

West Kent Water 7pc Pf. 1983 5.5pc.

West Kent Water 7pc Pf. 1983 5.5pc.

West Kent Water 7pc Pf. 1983 5.5pc.

West Kent Water 7pc Pf. 1.925pc

Williams (Ben) 6)-pc/f. 1.575pc

Williams (Ben) 6)-pc/f. 1.1925pc

Williams (Ben) 6)-pc/f. 1.575pc

Williams (Ben) 6)-pc/f. 1.575pc

Williams (Ben) 6)-pc/f. 1.575pc

Williams (Ben) 6)-pc/f. 1.525pc

Williams (Ben) 6)-pc/f. 1

Greenheids Leisure
DIVIDEND AND INTEREST PAYMENTS
Aloine 2.975p
Associated Sprayers Ord. & New 0.5p
Australis & New Zealand Banking 12cts.
Bank of Ireland 11.5p
Barr & Wallace Arnold Tst. Ord. & A
4.5p
Bremer 3.15b
British Inv. Tst. 4p
Carrs Milling 1.25p
Central Manufacturing & Trading 1.55p
Commercial Froperites Db. 1½pc
Cossial 5p
Commercial Froperites Db. 1½pc
Cossial 5p
Delts Metal In. 3½pc
Cossial 5p
External In. 3½pc
External In. 7½
Feedex Agricultural 0.885p
Finchorn Finance Ln. 4½pc
Foseco Minsep 3.75p
Francis Inds. 3p
Gerra Gross 1.5p
Gerra Gross 1.5p
Gerra Gross 1.5p
Goldman (H.) 0.07p
Goldman Invest. 3p
Hoveringham Ord. & R.V. Ord. 2.1p
Jessups 1p
Kwik-Fit (Tyree & Exhaust) 0.737p

York Waterworks SPCFT, 1800 4-59C, 51: 87-19C, 190-19C, 1 House by House by Houseigham Ord, & R.V. Ord. 2.19 Jessus 19 Kwik-Fit (Tyres & Exhaust) 0.737p Loyland Paint & Wallpaper 2p I ondon Brick 2.632p Macdonald Martin Distilleries A Ord. 8.5p Do. B Ord. 4.25p NSS Newsagents 1.2p NSS Newsagents 1.2p NSC Nazars (1929) 52cts. Office & Electronic Machines 4p Oxice Printing 1.5p Pyramid (Publishers 2.223p Selincourt 1.12p Simpson (S.) Ord. & A 1.5125p South African Breweries 12.5cts. Do. Pt. 3.1pc

Technology inv. 1842
Interime Blundel-Permoglaze
DIVIDEND AND INTEREST PAYMENTS
Anglo Scottish Invest. 0.9p
Bishopspate Trust Ord. Units 5.7p
Canadian & Foreign Inv. Tst. 3.35p
Carliol inv. Tst. 2.2p
Corah 6pc Pf. 2.1pc
Elbar Industrial 6p
Estates & General Invests. 0.85p
Flight Refuelling 1.95p
General Scottish 7st. 3p
Gosens Consolidated 8p
Kinta Kellas Tin Dredgling 125p
Lead Inds. 5.96p
Maillinson-Denny 2.25p
Marshall Caveddish 0.525p
Marshall Universal 3.85pc Pf. 1.05pc
Pentos 2.825p
Reckitt & Colman 5p
Rickmansworth & Uxbridge Valley Water
3.5pc (Imiv. 5pc: Cons. Ord. 1.75pc
Runchman (Walter) 2.5p
Samuel Properties 1.1p
Sears Roebuck 34cts.
Tyneside Invest. Tst. 2.2p
United Wire 2.2p
Walter (C. & W.) 2p
Warner Estate 3p
Wemyss Invest. 7p
THURSDAY, BULY 3
COMPANY MEETINGS Peramid (Publishers 2,223)
Selincourt 1.12p
Simpson (S.) Ord. & A 1.3125p
Simpson (S.) Ord. & A 1.3125p
South African Breweries 12.5cts.
Do. Pf. 3.1pc
Do. Pf. 3.1pc
Son Afliance Insur. 14.5p
Transatiantic & General Invests, 3.7p
Transaval Consolidated Land & Exploration 35.409p
Trivoville 0.846p
Wimsey (George) 1.5p
Wolselev-Hughes 4.4p
Wimsey (George) 1.5p
Wolselev-Hughes 4.4p
DIVIDESATURDAY JULY 5
DIVIDESATURDAY JULY 5
DIVIDESATURDAY JULY 5
DIVIDESATURDAY JULY 5
Bankers Inv. Tet. Deb. 2pc
Gluce 1.0pc
Exchequer Bluc 1883 48pc
Consolidated 2-lpc 18pc
Exchequer Bluc 1883 48pc
Condidere (A.) 3.956p
Metropolitan Water Board Staines Res. Jr.
Cm. 3pc Gds. Deb. 11pc
SUMDAY JULY 6
DIVIDEND AND INTEREST PAYMENTS
British Shoe Corp. Ln. 31pc
Charter Trust & Agency Ln. 24pc

APPOINTMENTS

New chairman for Mobil

From July 1, Mr. John C. marketing; Mr. David Worlock Lowein becomes chairman and is appointed assistant managing bility for publishing; Mr. Chris Nott is joining the company in September as international pubhistory director; and Mr. Dane Batt joins as director of

Interim:
Winterbottom TSL.
DIVEND & INTEREST PAYMENTS—
AMAX Inc. Deb. 4pt
Abordeen Construction Group 3.65p
Abordeen Invests. 2.3p
Albright Wilson Deb. 38, 4pc
Allied Leather Inds. 9pcPl. 4.5pc
Amaleamated Metal Corp. 5.4pcPl. 2.7pc.

Mr. David R. Stevens, formerly deputy chairman of DRAYTON COMMERCIAL INVESTMENT COMPANY and DRAYTON CON-SOLIDATED TRUST, has been appointed chairman following the resignation of Mr. Philip Shelbourne as director and chairman on his appointment as chairman of BNOC.

TOP 500 BANKS

Who are they What is their revenue How profitable are they

FIND OUT IN THE JUNE ISSUE OF

THE BANKER

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REGISTERED NUMBER:	Position	·

COMPANY, the UK refining and marketing affiliate of Mobil Oil Corporation. He succeeds Mr. George W. Pusack, who has held this position since 1975 and who on August 1 becomes chief executive of Mobil Oil Australia. Mr. Lowein, is executive vice-presi-dent of Mobil Europe, which is headquartered in London.

THOMAS NELSON, the educarional publishers, are making the following appointments from July 1: Mr. Roger Pudney joins as assistant managing director with specific responsibility for home and overseas sales and

Astaire & Co. Limited,

117 Bishopsgate,

London, EC2M 3TD.

ent complies with the regulations of the Council of The Stock Exchange



US\$50,000,000

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(Incorporated with limited liability in the Netherlands Antilles)

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Particulars of the Issuer, of the Guarantor and of the Notes are available in the Extel Statistical Service and may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 14th July, 1980 from the Brokers to the Issue:

Carr, Sebag & Co., Windsor House. 39 King Street. London, ECZV 8BA.

30th June, 1980.

N. M. Rothschild & Sons Limited

The 5,000 Notes of \$10,000 each constituting the above Issue have been admitted to the Official List of The Stock Exchange in London, subject to the issue of the Notes.

*Moyer (M. L.)...July 14 Final 3.75 Midland 8k ...July 27 lot 7.5 Matylest ...July 24 lnt, 7.25 lot 3.0

Nettingham
Nettingham
Hint: July 30 let, 1.0
"Rank Org, July 14 lnz. dus

Rathers (Jawellers) July 16 Final 1.525
RentokiiAug. 2 Int. 0.85
Rothmans Int. July 8 Final 1.55
Rethschild Inv. Tat. July 8 Final 7.9

Taylor Woodrow, July 31 Inc. 3.15
Thorn EMI July 13 Final 9.4
Town and City
Prop. July 13 Final 9.6
Tricentrol Aug. 2 Inc. 2.8
Unigete July 17 Final 3.2

Union Discount Lely 18 let 6.375

*Utd. GraJuly 10 F-al 3.395

VantesJuly 31 let 3.0

Ward & Goldstons ...Ann 2

* Board meeting intimated, † Rights issue since made, † Tay Ites. § Scrip issue since made, ¶ Forecast.

AAH July 23 Final J.978
A.fr. July 12 Final J.978
A.fr. July 12 Final Z.23
A.fr. July 16 Int. 4.5

"Assoc News, July 16 Int. dus
BAT Inds. June 26 Final dus
Bark Lourn:

(UK) July 25 Int. 2.8
Barklays Sk. July 26 Int. 8.25

"Bermay Sk. July 26 Int. 8.25

*Birmid Qualcast...July 18 Int. 1.5

Cawcods July 25 Final 10.23
Cawcods July 26 Final 4.65
City Offices Lily 31 Int. 13
Crown House July 18 Final 2.5
Cavy Cpn. July 28 Final 2.5
Discliers July 19 Final 6.73
Discliers July 29 Final 6.73
Discons Photo. Aug. 1 Final 2.785
"Dowry July 22 Final 5.0
First Source July 26 Final 3.268
GEC July 5 Final 4.0
Gestatuer July 18 Int. 2.5
Granads June 20 Int. 1.44
CUS July 19 Final 6.71
"Greene King July 37
Greene King July 37
Greene King July 37
Haslemere
Estates July 17
Final 3.27

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irst half

Livance

by Trizec

By Robert Gibbens in Montreal

TRIZEC CORPORATION, the

major Canadian and U.S. real

estate developer controlled by the Peter and Edward Bronf-

man interests with major participation by the Reichman Brothers of Toronto, earned

CS7.2m (U.S.\$6.26m) or 38 cents a share in the first half

ended April 30 compared with

C85.5m or 35 cents in same period of the previous year. Revenues totalled C8123m-against C8107m. The dividend is being raised

to 35 cents semi-annually from

Lower rating

for U.S. bank NEW YORK - Moody's

investors Service said it has lovered the rating on First Intienal Beston Corporation's

Marm of notes to double "A"

from triple "A".
Bloody's said that the

Snancial and operating per-

At the attributable taxed book has risen from R437m to military facilities and various per cent profit advance to

the enough has reported an now being signed at higher ment foresees some constraints totalling 24 cents, compared profit for the year to profit margins than for some in the nationwide shortage of with 21 cents.

book has risen from R437m to military facilities and various

per cent profit advance to After an interime pre-tax. With a continuing upsurge in conservation and reticulation profess of R6.75m and continuing upsurge in conservation and reticulation profess of R6.75m and continuing upsurge in conservation and reticulation profess of R6.75m and continuing upsurge in conservation and reticulation profess of R7.83m, from R6.55m, equivalent profit of R6.75m and continuing upsurge in lation projects.

Although the group's order of century per cent profit advance to water conservation and reticulation profess of R7.83m, from R6.55m, equivalent profit in continuing upsurge in lation projects.

Although the group's order of century per cent profit advance to water conservation and reticulation profits accordingly per cent profit advance to water conservation and reticulation profits accordingly per cent profit advance to water conservation and reticulation profits accordingly per cent profit advance to water conservation and reticulation profits accordingly per cent profit advance to water conservation and reticulation profits accordingly per cent profit advance to water conservation and reticulation profits accordingly per cent profit advance to water conservation and reticulation profits accordingly per cent profit advance to water conservation and reticulation profits accordingly per cent profits and various per cent profit advance to water conservation and reticulation profits accordingly per cent profits and various per cent profits accordingly per cent profits and various per cent profits accordingly per cent profits and various per cent profits accordingly per cent profits and various per cent profits accordingly per cent profits and various per cent profits accordingly per cent profits and various per cent profits accordingly per cent profits and various per cent profits accordingly per cent profits and various per cent profits accordingly per cent profits

Esmark disposal may total \$1bn

BY STEWART FLEMING IN NEW YORK

the company is proposing to 350 service stations. haive its annual sales revenues of \$6.77bn and to dispuse of an oil and gas subsidiary which last year contributed 41 per cent of its operating income of \$147.4m.

DETLIES OF the corporate subsidiary, which owns proven reorganisation announced last oil reserves of around 20m week by the large U.S. con-barrels and gas exploration glomerate. Esmark indicate that accesses an oil refinery and some

The Vickers division provides the bulk of the assets which the company is planning to disits operating income of \$147.4m. pose of and analysts are estimates a smark owns. International playtex, which manufactures Esmark, between \$600m and women's underwear, and STP above the 81hn mark. The com-Corporation, which makes auto-motive products. But its main the high cost of developing its lines of business also include oil properties which has led to its Vickers Energy Corporation the decision to sell them.

In addition to its Vickers operation, Esmark is also proposing to try to dispose of or partially close part of its large meat interests. Swift and Co. the Esmark meat subsidiary, is one of the leading meat packers in the U.S. Esmark however : only proposing the disposal of the division's fresh meat operations, which involves the shipment of quarter sections of carcasses to wholesalers around the U.S. It does not plan the sale of its frozen or processed meat operations.

Pioneer Sugar Mills doubles earnings

formance of the company. esseis remain- at a high point

CURRENCIES, MONEY and GOLD

previous year. Mr. A. Morgan, the managing Mr. J. F. Leggo, the chairman director, said that in 1980-31 the

PIONEER SUGAR MILLS more production for the year was Morgan said that after the then doubled its earnings, from restricted to 374,600 tonnes, recent acquisition of the control AS4.6m to AS9.6m (U.S.S11.1m) only marginally shead of the of Australian Interestate Pipe in the year to March, and previous year, but the average Line Company, the group was appears set for a further solid price received rose 35 per cent. looking for other suitable the current year. As a Mr. Leggo said it appeared diversifications, and that this result the dividend has been that the sugar board would could involve the acquisition of lifted from 7.5 cents a share to place no restrictions on product a big listed company active in 12 cents and is covered by earn-tion in the current year, and the energy resource field. The incs of C2S cents a share com- Pioneer estimated it would pro-paged with 15.8 cents in the duce 425,000 tonnes. Mr. A. Morgan, the managing five years time as from sugar.

In the latest year, the tic sucur price and improved prices should be high and A\$629,000 compared with operating efficiencies. Sugar Properts cash flow healthy, Mr. A\$2,2m in the previous year.

fall even if MLR is reduced.

Report Restaurance | Hogg Robinson July 17 Final 2.24 | Hoover | Aug. 2 | Int. 5.51 | History Works July 18 Final 1.15 | C. Gos July 1 Final 12.0 | Imperial July 10 | Int. 2.75 | Inchape | July 26 Final 19.0 | Inc. 3.15 | RECENT ISSUES EQUITIES F.P. 20.6 . 90 F.P. — 9 74 3 85 F.P. 27/6 91 100 F.P. 27/6 110

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"RIGHTS" OFFERS

Issue	EE.	Ret			ic. 1980		200	+01
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103 115 100 68 200 18 54 620 40 263 118 126 60cts	NA N	30:6	20.6 23.7 18.7 18.7 8.8	24pm 43pm 100 778 191, 65 62 pm 47 70pm 151 147pm 435pm	17pm 34pm 80 573 171: 61 25pm 411: 44pm 124 127 pm 130pm	East Rand Cons	181g 63 25pm 421 ₁	+15 +15 +17 +17

Renunciation date usually last day for dealing tree of stamp daty. A Figures based on prospectus estimate. A Assumed dividend and yield to Process dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1879. Q Gross. T Figures assumed. Cover allows for conversion of shares not now ranking for dividend or making only for restricted dividends. § Flering price to public, at Peace values otherwise indicated. I fessed by tender. Offered to holders of ordinary chares as a "rights." * Issued by way of capitalisation. § Reintroduced. If Issued in connection with reorganization, major or takeover. § Introduction. I Issued to former preference holders. A Allotment letters (or fully-paid). Provisional or partly-paid afforment letters. A Writh warrants. If United security. It Issued as units comprising 2 participating pref. shares and 1 and share at R3.50 per unit. † Dealings under special rule.

which is the holding company of Piencer, said that the results company would derive the full chemicals division posted a reflected the husyant sugar benefit of recent high sugar record contribution to group price in the latter half of the prices. The price is the latter half of the prices. The price is the latter half of the prices. The price is the latter half of the prices. The price is the latter half of the prices. The price is the latter half of the prices. The price is the latter half of the prices. The price is the latter half of the prices. The price is the latter half of the prices. The price is the latter half of the prices. The price is the latter half of the prices. The price is the full chemicals division posted a reflected the full chemicals division posted the for New England's largest bank, continues to exhibit substantial strength, but the level of underperforming

Sterling's familiar pattern

some a familiar pattern in ever incre difficult world markets anguish from manusculates and exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters, but by events in the fallen steadily, and in the case exporters. sterling much higher than appoundement from the Bank of Bettain's economic performance England on Minimum Lending

pound were on the lower side MLR, and has been encouraged GOLD

Close 5636 639
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Morning fixing 5631,50
Afternoon fixing 5637,50

Krugerrand. . . . \$654 656

Rate, only to recover later in the it has long been a complaint day. Market sentiment is very from industry that if only the much on the side of a cut in

Foresten one image dealers have of \$2 the teb of competing in in this not only by the cries of a familiar pattern in over more difficult world markets anguish from manufacturers and exporters, but by events in the fallen steadily, and in the case two weeks. The pointed has been a five pattern which has U.S. and Europe.

On the old formula, related the Netherlands and Belgium to the weekly Treasury bill have already acted in this way, tender, MLR would be no more Despite the selling, sterling

tender, MLR would be no more Despite the selling, sterling than 16; per cent, reflecting the remains around \$2.35, and downward trend in London dealers do not expect any sharp

mone.	marke	i rates.	•
OTHE	ER C	URRE	NCIES

June 27	£		! 	£ Note Rates
Argentina Peso	4359 4359	1848-1855	Austria	29.20-29.50
Australia Dollar	2,0290 2,0330	0.8645-0,8650	Belgium	66,20-66,70
Brazil Cruzeiro	122,60-123,60	52.115.52.315	Denmark	12,76 12.86
Finland Markka .	8,551-8,561-	3,6370 3,6385	France	9.58-9.66
Greek Drachma .		42.65 42.80	Germany	4.1212-4.15:-
Heng Kong Dolla!	11.56-11.58	4.9260-4.9280	Italy	1920-1970
ran Rial	กล	na	Japan	509 514
Kuwait Dinar-KD	0.623-0 629	0.2667-0.2668	Netherlands	4.52-4.55
Luxembourg Fre		28,24,28,26	Norway	11.30-11.39
Malaysia Dollar	5,0350-5,0450	2.1445 2.1465	Portugal	1114-116
New Zealand Dir.	2.3750-3.3800	1,0115-1,0125	Spain	159to 166
Saudi Arab. Riyal	. 7,77.7,83	5,5290 5,3510	Sweden	9.72-9.80
Singapore Dollar.	4.9700.4,9800	2.1175-2.1195	Switzerland	3.8012-3.8512
Sth. African Rand		0.7700-0.7710	United States	2.348-2.357
UAE Dirham	8,65-8,71	3,7010-5,7030	Yug əslavia	6212-67

THE DOLLAR SPOT AND FORWARD

June 27

Gold Bullion (fine cunce 1270 ETE 1266 2671; 1269,259 1270,588

Gold Coins

	Day's	_		٠.	Three	٠.
June 27	spread	Close	One month	рa.	months	p.a.
UET	2 3410-2 3540	2 3465-2,3475	163-153cpm	8.08	4.23-4.13pm	
7. 11. 7	2.1120-2.1220	2.1200-2.1220	1 55-1 43c pm	8 49	4,27-4.17pm	7.96
11111	1 1487-1.1492	1.1487-1.1490	C 37-0 42c dis	-4.12	0.57-0.62dis	-2.70
Nethin:	1 9315-1.9375	1.9320-1.9335	2 08-0 18c dis.	-0.81	0.45-0.55dis	-1.03
Li um	23.24-28.26	28.24-28.2€	10-11 c dis	-4.57	29 32 dis	-4 32
Denmati:	5,4460-5,4795	5 4665-5.4630	3:iore des	-8.23	101-11 dis	-7.88
G :	1 7625-1 7665	1 7635-1.7E45	0 05pf pm-8 05 d	dis —	0.05pm-0.05d	lis —
111,000	48 80-49.00	48 83-48 93	33-48c dis	-9.94	70-120 dis	-7.77
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17 Iv	338-245	842-844	15-19lire dis	- 24.20	35-40 dis -	- 17.75
Correct	4.8425-4 8510	.: 8130-4.9445	por-0.50are dis	-0.62	0.40-0.90dis	-054
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S A 20120	-: 1570-4.1616	∴ 1575-∴ 1590	1.70-20re dis	- 5.34	5.20-5.50dis	-5.15
1.0000	217,30-217.85	217 45-217 55	J.50-0.65y dis	-3.17	1.35-1.5dis	-2.62
3057.7	12.521-12.33	12 524-12.534	1 20-1 B0gro dis	~ 1.53	2.75-4.50dis	-1.16
Sw	1.6245-1.6325	1.6270-1.6280	0.57-0.49c pm	3.91	1 56-1.48 pm	3.73
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currency.	

June 27
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	naa.a			•	Three	7.
June 27	Spread	Close	One month	p. a.	months	p.a.
u s	2.3410-2.3540	2.3465-2,3475	1.63-1.53c pm	8.08	4.23-4.13 pm	7.12
Canada	2.6920-2.7055	2.6965-2.6985	0.94-0.84c pm	3.96	3.40-3.30 pm	4.97
Nethina.	4.52: -4.56	4.53-4.54	31-21c pm	7.28	71:-61: pm	6.17
Selgrum	65.10-66 50	66.25-66.35	25-15c pm		55-45 pm	3.02
Denmark	12.63-12.68	12.83-12.84	lore pm-11, dis		2-41, dis	-0.95
ireland	1.1055-1.1100	1 1070-1.1090	0.03p pm-par	0.18	0.19-0.13 pm	
W. Ger.	4.13-4.16	4.13 -4.14	312-212 pf pm	7.61	8.7 pm	7.25
Portugal	114.20-115.20	114.65-114.85	par-40c dis	-2.09	40pm-85dis	-0.78
Spa.n	164.00-165.00	164.50-164.70	20c pm-35 dis	-0.55	30-100 dis	-1.58
17217	1960-1983	1971 - 1976	191;-21 ¹ / ₂ lire dis	-12.46	421,-441,dis	-8.77
Norway	11.35-11.40	11.361,-11.371			19½-17¾ pm	6.53
France	9.60-9.65	9.61-9.62	4¼-3¼c pm		101 ₂₋ 91 ₂ pm	4.16
Sweden	9.74-9.80	9.77-9.78	23 ₈ -13 ₄ ore pm	2.53	5-41 _e pm	1.89
Japan	608-512	510-511	2.20-1.65y pm	4.52	6.15-5.65 pm	4.62
Austria	29 30-29 55	29.39-29.44	18-14gro pm	6,53	47-40 pm	5.91
Switz.	3.80-3.84	3.811-3.821	4¼-3¼c pm	11.78	10%-9½ թա	10.73
			trancs. Financia 6.15c pm. 12-m			

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 27)

			والمستنب والمرافقة التناوي والمتتاز فيهرون والمستنب والمستنب والمستنب والمستنب والمستنب والمستنب والمستنب
	U.S. dollars	6 month U.S. dollars	The fluing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for \$10m quoted by the market to five reference banks at
bid 97 le	offer 99 16	bid 917 16 offer 913:16	11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust
EURO CIII	DDENCY IN	TEDEST DATES (Marke	t Closing Rates)

. june 27	Sterling	U.S.Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira :	Aslan 5	Јаралезе Уе п
rshort term	17% 18:: 17% 17:3 16% 17:3 16% 17:4 15% 15	9: 94: 9: 9: 9: 9: 9: 9: 9: 9:	1212-1412 1212-1412 1258-1214 1116-1112 10 = 1112-1012	105g-107g 105g-107g 107g-105g 107g-105g 107g-107g 107g-107g	30.35, 3.312 519.53, 519.53, 558.53, 519.51,	8.4.8.4 8.4.9 9.4.9.8 95-958 95-958	12 ¹ 2-12 ³ 4 12 ¹ 2-12 ³ 1 12 ³ 2-12 ³ 8 12 ³ 2-12 ⁵ 8 12 ³ 2-12 ⁵ 5 12 ³ 2-12 ³ 5	50-80 35-65 30-35 24-27 2119-231 ₂ 191 ₃ -21	949-919 913-94 948-919 958-94 973-974	13-131 ₂ 13-131 ₂ 12-7 ₈ -13 1 13 ₁ -12 103 ₄ -11 91 ₂ -91 ₂

The following nominal rates were quoted for Landon dollar certificates of deposit: one-month 8.95-9.05 per cent, three-months 8.95-9.05 per cent; six-months 8.95-9.05 per cent; one years 5.95-9.05 per cent; three-months 8.95-9.05 per cent; six-months 8.95-9.05 per cent; three-months 8.95-9.05 per

LONDON MONEY RATES

	June 27 -	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable : bonds	House	Company	Discount market deposits	Tressury	Eligible ' Benk ! Bills § !	Fine Trade Bills 9
	1200	0,									
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į	One month	176-17m	17-17-	1712-1732	1849-1834	177a	1776	1654	154-151	174-174	28
ı	Two months		1719-171		184-185s	175e		1639	15-3-164	165	1712
•	Three months.	16 6 16	16:0.17	1631-17	1714-1731	174	1712	16-161	152 15%	16,2	164
•	Six months	15 154	152_15=	154-155	15 % 15 %	16	173-171			14-14-14	
'	Nine months	10 7 10 7	1457-14-1		1513-1558	16	164	_	٠	_ `	_
i	Con Voca	14 -16 ,		1379-1412	1436-1434	145,	153g		~	! _ i	
1	One Yagr	14:3-10-3	14,7.14 %	137:-141				. =		i i	_

Local authority and figures houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13%-15% per cent; four years 13%-13% per cent; five years 13%-13% per cent. • Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15% per cent; four-month trade bills 15% per cent; four-month trade bills 15% per cent; four-month trade rates in table are buying rates for prime paper. Buying rates for four-month being bons for put the for prime paper. Buying rates for four-month being bons for prime paper. Buying rates for four-month bills 15½-15½ per cent; two-months 15½-15½ per cent; three-months 15½-15½ per cent; one-month trade bills 17½-per cent; two-months 17½ per cent and three-months 15½-per cent; three-months 15½-15½ per cent; one-month trade bills 17½-per cent; three-months 15½-per cent; three-months 15½-per

Finance Houses Sase Rates (outsished by the Finance Houses Association) 17% per cent from June 1, 1980 ing Benk Deposit Rates for sums at seven days institle 15 per cent. Clearing Benk Rates for lending 17 per cent. stary Bille; Average tender rates of discount 15,6801 per cent.

•	
CURRENCY	RATES

June 27	Bank rate %	Special Drawing Rights	Eu ropean Currency Un t
Sterling	11 10,63 63 13 13 71 91	16.6810 37.3457 7,24116 2.55306 2.55800 6,42029 1110.16 287.452 6,41316	0.607753 1.43842 1.63753 17.8962 40.2753 7.79279 2.51473 2.75691 5.84158 1197.36 5.90404 100.043 6.90404
wiss Fr	*š.	2,12120	2,31817

PLANT& MACHINERY

1) ROLLING MILLS 12.5in x 24in x 21in wide Four High Mill 12in x 30in x 35in wide 400 hp Four High Reversing Mill 5in x 12in x 10in wide variable speed Four High Mill 3.5in x 8in x 9in wide variable speed Four High Mill 10in x 16in wide fixed speed Two High Mill 10in x 16in wide fixed speed Two High Mill 10in x 16in x 20in wide Four High Mill 150 x 100 mm x 15 hp Two High Tape Rolling Mill 110 x 100 mm x 10 hp Two High Tape Rolling Mill

2) WIRE FLATTENING AND NARROW STRIP ROLLING MILL Two stand by RWF 10in x 8in rolls

3) DECOIL AND CUT-TO-LENGTH LINES 1800 mm x 12.5 mm x 25 Ton Coil 2000 mm x 3 mm x 20 Ton Coil 1500 mm x 3 mm x 10 Ton and 15 Ton Coil 1000 mm x 2 mm x 5 Ton Coil 750 mm x 3 mm x 5 Ton Coit 400 mm x 3 mm x 2 Ton Coil

4) SLITTING LINES 1220 mm x 3 mm x 5 Ton Coil 920 mm x 5 mm x 10 Ton Coil 920 mm x 2 mm x 2 Ton Coil 300 mm x 1.5 mm x 1 Ton Coll 36in and 48in Sheet Slitters

WIRE DRAWING MACHINES 6 Block, in line variable speed (560 mm dia x 25 hp DC).
9 Block, non slip cumulative (610 mm dia x 25 hp AC).
8 Block, non slip cumulative (560 mm dia x 25 hp AC). 8 Block, non stip cumulative (356 mm dia x 25 hp AC)
6 Block, non stip cumulative (356 mm dia x 7.5 hp AC)
Horizontal Drawblock variable speed (915 mm dia x 75 hp DC)
Horizontal Drawblock variable speed (456 mm dia x 15 hp DC)
Vertical Drawblock (2) variable speed (610 mm dia x 25 hp DC)
13 and 15 Die Cone Type & Spooler, 4500 ft/min (2 machines)
9 Die Cone type and finishing block, 750 ft/min
6) SHEARS AND GUILLOTINES

1220 mm x 25 mm Cincinatri Plate Shear 510 mm x 16 mm/50 mm x 50 mm PELS Scrap Shear 2.5 m x 3 mm high speed mechanical Guillotine, Keetona 7) SHEET LEVELLING ROLLS 920, 1,150 and 1,850 mm wide-8) HYDRAULIC SCRAP BALING PRESS, Fielding and Platt 9) FORGING HAMMER 3 cwt, slide type, Massey

19) AUTOMATIC COLD SAW, non-ferrous, Noble and Lund 11) ROTARY SWAGING MACHINE, 25 mm capacity 12) 28in COLD SAW, Noble and Lund 13) ROD STRAIGHTEN, Cur-to-Length Lines 6 mm and 16 mm

WEDNESBURY MACHINE CO. LTD.

Oxford Street, Bilston Tel: 0902 42541/2/3 - Telex: 336414

WICKMAN 6 SP AUTOMATIC 11" rebuilt to maker's limits WICKMAN 6 SP AUTOMATIC 11" rebuilt to maker's limits WICKMAN 6 SP AUTOMATIC 227 recon: to maker's limits 200 TON HYDRAULIC PRESSES
200 TON MECHANICAL PRESS Sin scroke, as new
WEIDEMANN 100 TON TURRET PRESS capacity (20in x 60in x quarter inch thick 36-station ROLLING MILL 11in x 11in wide Two High reconditioned HATEBUR PKE 13 COLD FORMING PRESS

PFOUTER GEAR HOBBER P250 RECONDITIONED
MEDART BAR PEELER 4In RECONDITIONED
WICKES CRANKSHAFT LATHE MX4 RECONDITIONED CAZENEUVE LATHE MODEL HB725 28in swing x 48in record.
MALMEDIE 4-station GOLD HEADER QPB8 Excellent
MATRIX THREAD GRINDERS CINCINNATI BROACHING MACHINE 30 tops, 96in stroke

ROLLS TOOLS LTD.

VERTICAL DUPLEX FACE TYPE

154/6 Blackfrians Road, London SET SEN Tel: 01-928 3131 - Telex: 261771

LOCAL AUTHORITY BOND TABLE

Anthority (telephone number in	Anguli Interest 27015 Tay interest able	e mue Sum Sum	Life band Year
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Public Works Loan Board rates

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Non-quota loans B are I per cent higher in such case than not quota loans A. f Boost instalments of principal. Represent to half-yearly annuity (fixed equal half-yearly payments to include the principal and princ principal and interest). 5 With helf-reary 33 ment of interest uni-

STEE SMINNEY DATES

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	Roowaley & Co. Ltd 19
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Litzi Mai peca Pro 18 3	1 7-day deposits on sures of £10.7
First Nat. Secs. Ltd 19 Robert Fraser	and under 15%, up to £25.00
Antony Globs 17 %	154% and over \$25,000 154
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CORAL INDEX: Close 462-467 (-2)

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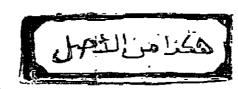
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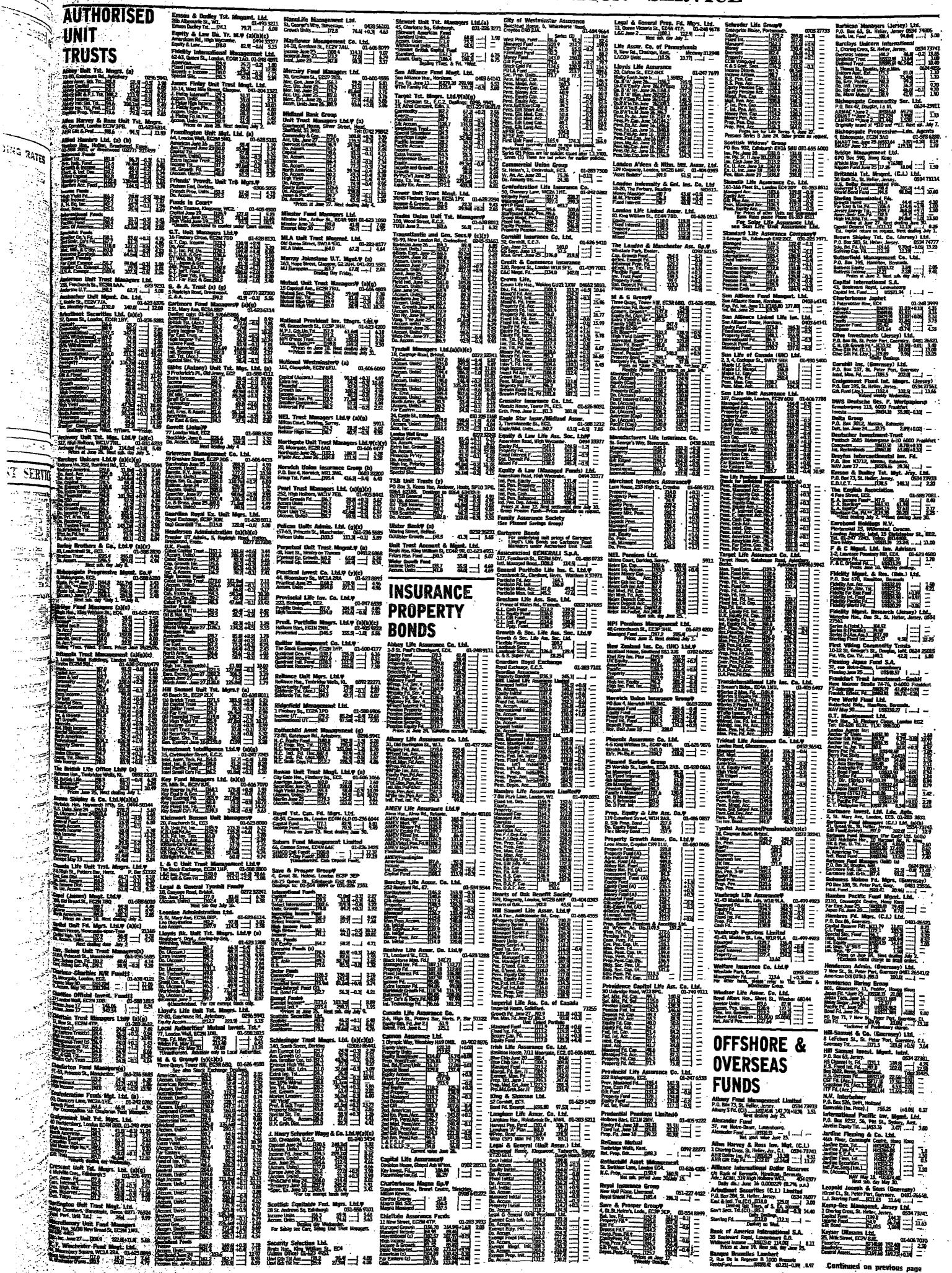
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For Share Index and Business

Liverpool and 3th

FINANCIAL TIMES

Monday June 30 1980



LONDON BUSINESS SCHOOL FORECASTERS SAY:

'No repeat of '30s slump'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

UK will be sharper and slightly cessor at the centre. longer than previously expected there should be no repetition of examines various criticisms of

activity and consumer-spending in the UK should also be spranding again after the uk should also be spranding again. expanding again after the end of next year. But output will not return to its pre-Budget levels until the end of 1982 and unemployment is still likely to he rising during 1983, LBS says in its Economic Outlook.

There is greater comfort for the Government in the school's forecast that, if the moneyary targets of the medium-term financial strategy are observed, the annual inflation rate should he below 8 per cent by the end

The adoption of such a Forecasting — both when Prof. goings, of about £8bn, both this Terry Burns, now the Chan-year and next. cellor's chief economic adviser. The National Institute of was its director, and currently Economic and Social Research

WHILE THE recession in the under Dr. Alan Budd, his suc-The new Economic Outlook

the prolonged slump of the the strategy. It concludes that 1930s, according to London Business School (LBS) forecasters. World output and trace path for public-sector borrowing and that they will succeed in

reduction in public-sector bor-rowing in 1980-81 proposed in the Budget was unnecessary in terms of the overall monetary objectives. It has also been a mistake to load so much of the burden of adjustment on to the corporate sector.

The latest Economic Outlook presents a gloomy view of the short-term prospects for the company sector. Company profits (after excluding the rise in value of stocks and North operations) are projected to fall by more than a medium-term strategy has been half this year. The company advocated previously by the sector as a whole may have a school's Centre for Economic financial deficit, after all out-

PERCENTAGE CHANGE FROM PREVIOUS YEAR School Grass damestic product

0.2 -0.5 0.9 17.2 Consumer prices 18.2 15.5 Adult unemployment* 1980 1981 1.5 1.84

COMPARISON OF FORECASTS

siness Schools' is an average and National Institutes' is for the fourth quarter.

was recently even more pessi-mistic. It projected a fail in profits this year of more than employment. two-thirds, and a company-sector deficit of £10bn in 1980. Some other economists now believe these projections could financial squeeze, shedding labour and cutting stocks and investment more rapidly than

expected. This is likely to be

at the cost of an even sharper immediate fall in output and The other main feature of the

latest Business School forecasts is the projection that the current account of the balance be too gloomy. This is because of payments should move into industry has been taking anticipatory action to avoid such a previous expectations of a continuing deficit.

Details Page 5. Lombard Page 12. The Month the Orders Dried Up, Page 14.

Pressure on RAF to buy British aircraft

By Elinor Goodman

THE Prime Minister may be asked to make the final decision soon in the longrunning debate on whether the RAF should be made to buy a British light aircraft in preference to the cheaper. American one it originally

. The discussions, which have dragged on for several months, have highlighted the difficulties surrounding the Government's "Buy British" campaign for the public

Mrs. Thatcher bas already ruled once that the order should go to a British and company other Government departshould help the to of Defence Ministry compensate the RAF for any extra money involved buying British. But the RAF is apparently still not entirely happy with the decision.

The RAF told the Ministry of Defence earlier this year that it wanted to replace its existing fleet of light communication aircraft with the American-made Beechcraft Super King Air 200.

They argued that it was a better buy than the nearest alternative - the British Aerospace Jetstream. The Jetstream, they said, was not only dearer but had the added disadvantage of not being available for another

two years. But other Government departments argued that the order was essential to the development of Jetstream which, it is claimed, is a superior design by the stateowned British Aerospace company. It was also pointed out that many jobs in Scotland rested on the future of the Jetstream project.

BY ROBIN PAULEY

the Government's plans to re-

form Jocal government have

been proposed by the Associa-

tion of Metropolitan Authorities

in a long list of amendments to

he tabled at the report stage of

the Local Government Bill which begins on Thursday in

The AMA is now spearhead

ing the remaining phases of the

plans, particularly the fiercely

contested proposals to change

the present system of rate

support to local authorities into

a block grant scheme.

the Commons.

LOCAL GOVERNMENT REFORM

Cuts threaten London's Jubilee line extension

BY ANDREW TAYLOR

line is expected to be a major casualty of Government spend-ing plans for the capital's depressed dockland areas due to be announced in much reduced form early this week.

Mr. Norman Fowler, Trans-port Minister, is expected to unveil details of a new £100m road programme for London's docklands very soon. The Government had been asked to approve spending of up to £800m on new road and rail links for

The size of the programme will disappoint many of those who have argued that substantial public spending on new infrastructure is essential if road system for the Isle of Dogs

Excluded from the Govern- to the Old Kent Road. ment proposals are plans to

tion and improve communication links between the depressed dockland areas on the south bank of the Thames and the South East generally.

The total cost of these two schemes was expected to be at least £600m, a bill the Government was not prepared to foot in the present climate of public spending. Instead it has opted for a more modest package with the spending programme expected to be spread over 15 years.

This calls for the construction of a Northern Relief Road which would improve access into the

troversial proposal to build a Street as alternative to the later this autumn.

THE PROPOSED extension to £240m Southern Relief Road, Southern Relief Road, This is London's Jubilee underground designed to ease traffic conges- likely to cost in the region of

The £100m programme is expected to be in addition to the £27m already committed by Government to docklands.

The loss of both the Jubilee extension and the Southern Relief Road may have a more immediate hearing on existing plans for the redevelopment of the key 120-acre Southwark site in London's Surrey Docks.

A number of developers who have submitted schemes to the joint owners of the site-Southwark Council and the Greater London Council-have privately expressed reservations about the viability of their proposals infrastructure is essential if road system for the Isle of Dogs if major spending on improving dockland is to be successfully where the India Millwall docks communications is not made.

been short-listed for further In addition, the proposals are consideration by the two extend the Jubilee line into likely to call for improvements councils which are expected to docklands, Also axed is the con- to Lower Road and Evelyn announce their final choice

BSC head prepares for new challenge

By Hazel Duffy, Industrial Correspondent

THE DRAMATIC decline in the underlying demand for steel over the past few weeks will be the prime considera-tion for Mr. Jim MacGregor, who takes over as chair an of the British Steel Corporation (BSC) tomorrow, when formulating his proposals for sub-mission to the Government. BSC economists forecast that the market for steel this

year will be between 7 and 8 per cent down on 1979, and there will be a further drop of this-magnitude next year. It therefore looks as though it will be 1983 before the steel industry can expect a hint of

a revival in demand.

The Corporation's ability to win a reasonable share of the existing market will become clear over the next month or so giving Mr. MacGregor more solid information on the likelibood of BSC justifying the 15m-tonne output target which has been set for 1980-81. Imports of steel were much higher in April than in the months before the strike, and are believed to have been high again in May.

The question of further economies will therefore be high on the new BSC chairman's list of priorities in working out a plan to improve its desperate financial situation. This must include the possibility of further cutbacks at Llanwern or Port Talbot in South Wales, and possibly at Scunthorpe.

Other areas which offer scope for rationalisation include the re-rolling facilities for the production of wire rod, where BSC has a new mill at Scuntherpe and several older mills. Talks have been limping along for nearly a year with GKN, which also has a new rod mill in South Wales and some older facilities. Progress has been slow, although both parties are now considering a report prepared by a joint

working party. Christian Tyler adds: The Corporation will this week be told by the biggest steel union that it should cut its prices by a substantial amount in order to win back customers lost before and since the 13-week

strike earlier this year. The Iron and Steel Trades' Confederation will also repeat its demand that the BSC's accounts be thoroughly overhauled to reveal what it claims is an underlying operating profit.

THE LEX COLUMN

hard course to steer

This week's Cabinet meeting on public sector overspending will be the first but will not, by any means, be the last attempt to rescue this year's financial projections. As last week's un-surprising "shock" from the British Steel Corporation showed, recessions cost Governments money. Not only do the public sector's lame ducks need even more bailing out as conditions get tougher, but expenditure tax takes are liable to falter as consumer confidence weakens and of course the social security bill inevitably rises steeply. A crucial further factor is that the so-called relative price effect tends to act against the public sector in the early stages of a recession because public sector pay is almost insensitive to market conditions and is liable to be still forging ahead while private sector workers are being forced to

tighten their belts. It is difficult for Governments to give too much of a hostage tofortune by writing a big relative price effect into their budgets, and the public spending White Paper in March suggested that the RPE this year would be a modest 0.75 per cent. As for social security, the Government has only budgeted for a rise of about 2 per cent in real terms. though admittedly within that total unemployment benefits are budgeted to rise much more sharply.

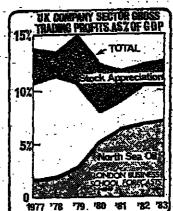
The last major recession in 1974-75 provided a dramatic example of the hazards that can overtake public sector financing. In that financial year the public sector borrowing requirement was originally forecast at £2.7bn. By the time the Labour Government won the second General Election in the autumn, it was clear that the original projections were being swamped by a public sector pay explosion. And in the emergency November Budget the Government had to offer industry stock relief in order to save it from ruinous corporation tax payments in

The new projection for the

public sector borrowing requirement was £6.3bn, and this was still optimistic compared with the final out-turn, which was just short of £8bn. Translated into 1980 money, Mr. Healey's original projection was £6.2bn, the November revision £14.5bn and the final out-turn £18.3bn. The corporation tax relief was itself worth close to £2bn of today's money.

January.

The approach of the current



different Whereas Mr. Healey in 1974 was seeking to reflate the economy, we now have an administration with strict monetary targets and, what is more, a medium-term strategy. All the same the Government is unlikely to be able to prevent itself from being deflected from its precise chosen path. Indeed its record up to now is far from impressive given that PSBR forecast for 1979-80 was effectively overshot by some £2.2bn (offset partially by accelerated PRT payments), while the money targets have a constant source of

Despite such disappointments, the gilt-edged market has broadly kept faith in the Government and in the context of a recession the stock market will no doubt tolerate a further degree of short term bending before the wind. But the City is going to watch for action to make sure that those mediumterm projections remain appreciation, of industrial accredible.

Norcros

Company profits will fall sharply in 1980, the London Business School (LBS) reiterates in its latest economic forecast, published today. But whatever the macro view, the micro view from a typical British manufacturing group, Norcros—which generally good. Moreover the also published its results and group is projecting a recon annual report today—is that capital spending programm there are reasons for starting largely because of the opposite the new year with "some tunities for improving efficience the new year with optimism." The different The difference of essentially reflects differing ideas about the scope which management has to counter the undeniably adverse conditions in which industry

Certainly the recently been tough for Norcros. which both Norcros and the Pre-tax profits of £19.2m are economists will agree. According maybe £1m down on what the to the LBS, the number of job group was projecting at the half- in the British economy wil The approach of the current way stage and are also nearly shrink by 200,000 this year an Government is however starkly £1m lower than the comparable by some 350,000 in 1981.

1978-79 total including John Richards. The main proble have been in materials handle where the steel strike in second half added to the p lems of the earlier engineed dispute and the operating has emerged at £3.2m. kitchen furniture, Hygena also stayed firmly in the re-

As the economic model emphasise, the UK is a will hard place to earn profits manufacturing Necros extended a 30 per cent pre-tax.

Overseas it is different, howe and lush returns can be achie in protected markets like A tralia and Nigeria. Overs profits of Norcros rose 8 cent, and now contribute 45 cent of the total (before cen expenses). But the over-contribution to earnings share is only a quarter.

The current cost figures : confirm the forecasters glo Something like an extra i of stock appreciation went help sustain Norcros' histori cost pre-tax figure for 1979 and the corresponding curr cost figure is down 15 per ce After a stiff tax charge. group is not left with enou current cost earnings to co the dividend. Still, the yea total gross payout has be raised by some 8 per cent. t ing the yield at 63p to 13.3)

What happens now? Theis still predicting trouble i the corporate sector, although anything its pessimism is moderated a little since its la prognostications. It expects t trading profits, net of sto commercial companies to fall 50 per cent rather than the per cent, suggested in Marc. and they could recover a litt next year.

Norcros agrees that traditconditions are difficult in mar-sectors. But it hopes eliminate around £4m of losse and overseas prospects a generally good. Moreover th and productivity. Norcros' tou of UK employees fell by ove 4 per cent last year.

The likelihood of substantial job-shedding, thoug probably more through natura wastage than through actua going has redundancies is something o

Unions urge ICI staff to strike

BY CHRISTIAN TYLER, LABOUR EDITOR

JUNIOR staff of Imperial technical Chemical Industries are being urged by union representatives to go on strike against the company for the first time.

A "day of action" including demonstrations and 24-hour strikes at some of ICI's main sites has been called for Friday week. Indefinite strikes could follow at some locations. A decision to increase pres-

sure on the company after

SCIENTIFIC and Amalgamated

The two unions claim to represent some 20,000 non-man÷.

January. The unions say the 3

rejection of a pay offer was taken at the weekend by about 100 delegates from the Association of Scientific, Technical and Managerial Staffs and the whitecollar sector (TASS) of the

Union Engineering Workers.

agerial staff, earning between 1 £4,500 and £8,000 a year. The dispute follows a company offer of a 16 per cent pay increase from June 1. This follows a 3 per cent special rise. to compensate for inflation, in

per cent was part of last year's wage settlement. Union negotiators for about 50,000 ICI manual workers have urged their members to accept a similar pay deal. Counting the January increase and other improvements, they say

of the company's offer to them is worth 21 or 22 per cent. ICL says it is worth 19.5 per cent. ICI refused to improve on its offer to the manual workers, despite what appears to have been a very close result in a union survey of shop-floor

opinion. Industrial action by the technical staff had been urged before the weekend, but the company said it had heard of no places where sanctions were applied.

Mr. Roger Lyons, a national official of ASTMS, said yesterday that 90 per cent of the delegates supported industria!

Weather

UK TODAY MIST then sunshine followed by

cloud and showers. Rather cool. London, East, Midlands Sunny intervals. ool. Max. 19C (66F). Channel Isles, S.W. England, S. Wales

Mostly dry. Bright intervals. cool. Max. 18C (64F). C.N., N.E. and N.W. England, Lakes. Isle of Man Sunny intervals, showers, Wind fresh. Max. 17C (63F).

E. and S.W. Scotland

Sun and showers. Wind moderate, Max. 18C (64F).

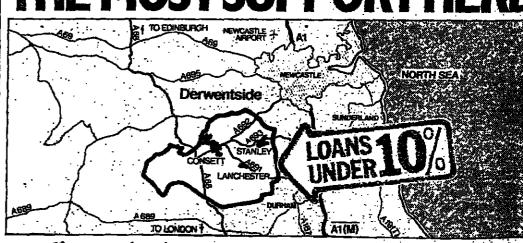
Rest of Scotland
Cloudy, bright intervals, showers, Max. 15C (59F). N. Ireland Bright intervals, Cool. Max. 16C (61F). Outlook: Sunny intervals and showers, cool, becoming warmer in West.

WORLDWIDE

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eroment's already amended capital expenditure allocation beyond the immediate financial

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porters attacking him as well.

Neither the ACC nor the ADC are named at the head of the AMA amendments in block spending authorities.

2 rant. although these amendauthorities with a high ments do not differ in principle rateable resources cou

Mr. Michael Hesentne, the Environment Secretary, has made plain to both that he has more than enough trouble on his hands, with doubts within his hands, with doubts within his strategy on local authority spending reaches a level of spending over and a Labour-controlled AMA, and above the Government's without prominent Tory sup- assessment of its spending

FUNDAMENTAL CHANGES to from the unanimous line taken that their increments of grant defined in the legislation, with by all local authority associations during the previous stages of the Bill. This political split will be

Party battle against the Government's policy.

one Tory who opposed the Government's plans during the block grant scheme. committee, stage of the Bill, The Association of County is maintaining his position of ncils (ACC) and the strong opposition. Both he and chation of District Councils Mr. Geoffrey Rippon, former

Mr. Robin Squire, Conserva-tive MP for Sutton and the

problem is that this would not affect only high-

Amendments to Bill urged

lessened to some extent by the fact that both Tory and Labour MPs are expected to table some of the AMA amendments. Some the block grant changes are likely to be tabled as official opposition

England and Wales. spending authorities. Some authorities with a high level of rateable resources could find multi-like that the use to which rateable resources could find multipliers can be put is clearly

might become "negative fore their actual expenditure the standard level assessed by the Government.

Ministers accept that this is nonsense, but the amendment will fall because the technical construction of block grant 1981. means that such nonsense is crucial to its operation. Instead, unfair. the Government hopes to be able to correct the more ludicrous aspects of the judicrous aspects of the system's working by using multipliers" to change the equations, where necessary, to produce a more satisfactory

The local authority associations have always argued that Association of District Councils Mr. Geoffrey Rippon, former a system of mancial support (ADC) both appear to have fallen into a political quandary over how much further to push their opposition to block grant.

Both are Tory-courolled, and Mr. Michael Heseltine, the Environment Secretary, has a "negative marginal incre
Environment Secretary, has "negative marginal incre
The most important amendment would stop a feature of the Government has so far the block grant system known as "negative marginal incre
The most important amendment would stop a feature of the Government has so far the block grant system known as "negative marginal incre
The most important amendment would stop a feature of the Government has so far the block grant system known as "negative marginal incre
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spite of repeated requests for improving amendments, the AMA has proposed a change which would limit the use of multipliers. At present the Government could use multipliers in any way it chose to favour or discriminate against virtually any single authority in

The AMA is also proposing an amendment which would delete

entirely the proposals to penalise those authorities which Apoco S the Government regards as the overspenders in 1980posals are indiscriminate and The amendments to the Gov-

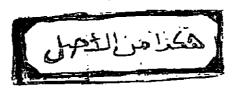
plans on capital controls are supported by all the local authority associations. They want the specification of how much authorities can spend changed from a basis of one year to three years. The present proposals give councils no indication of the likely level of

They would be improved if they covered as a minimum a three-year programme giving a certain allocation for the immediate year and a guaranteed minimum for the next two years," the association says.
Other amendments seek more flexibility in the use to which revenue contributions and special funds can be put, and

changes and safeguards to the

proposals on direct labour org-

anisations, urban development corporations and enterprise



FINANCIAL TIMES SURVEY

Monday June 30 1980

Latin America

Endowed with great natural resources, a burgeoning industrial sector and an increasingly expert workforce, Latin America enjoys advantages that many other parts of the developing world would envy. But the region could also suffer disproportionately if the world fell into deep recession.

CONTENTS

VI

VI

VIII

Indians

Travel

Sights

Profiles

The Media

Military authorities

Trade Unions

UN Economic

Commission

Foreign investment

XVII

XVIIi and XIX

Rising status in world business

Hugh O'Shaughnessy Latin America Correspondent

LATIN AMERICA has, in the past few years, risen much higher than for decades on the priorities for international business. Evidence of the increased new involvement is there to be seen in the factories and offices which have sprung up in many cities of the region and also by the plane-loads of bankers who fly in daily from Western Europe and North America.

Brazil is one of the biggest borrowers on the Eurocurrency market while several other countries are big clients for the international banks. The region has been a major beneficiary of the international recycling of the surplus funds of the Arab oil producers. Venezuela, the bigger of the two Latin

up. Flat, for instance, has states of that area can absorb. decided to bid for a share of As far as the U.S. business.

and not long ago completed athere are doubts, too, over large new factory in the State Western Europe which, a Panama while the international oil companies are searching for oil from Argentine Patagonia to the Peruvian jungles and from Guatemala to the Atlantic coasts of Brazil.

The lifting of import restriction in Chile and the progres- of Latin America. sive dismanting of tariffs in Argentina are tempting exporters from the developed world to try and recapture markets that many of them must have believed they had lost for good under more protectionist regimes in the 1970s.

America appeared to live—at least in the minds of many non-Latin American bankers, traders and manufacturers—has lifted. The explanation is partly to be found in the region itself and partly outside it. The increased instability of the Middle East and the stormy outlook in Iran and neighbouring countries which, a few years ago, were attracting large quantities of new business is certainly one

Growth rates

a limit to the numbers of new Up and down the region, hotels, ports, sirports, roads to invest. large and not-so-large foreign and hospitals that even the owned enterprises are springing smaller and super-affluent oil

of Miras Gerais. Rio Tinto Zinc decade ago, was a veritable has pledged itself for what magnet for him. Justifiably or could become one of the world's not, some U.S. business leaders largest copper developments in feel the lower growth rates of Europe, combined with the increasing sensitivity to U.S. operations there and the risk that the area may one day become a centre of conflict. have made it a less attractive place. Hence, a reconsideration

But Latin America has not just benefitted from the clouds that have built up over other regions. It has benefitted from what foreign business has seen as positive political developments in the 1970s. The military in Argentina, for instance, have The cloud under which Latin returned their country to conservative economic practices after overthrowing the chaotic Peron regime in 1976. From "bust," Argentina has gone to boom, helped by record harvests of cereals — and record prices received for them.

> In Sr. Jose Alfredo Martínez de Hoz, the Argentines have an economy minister who is clearly aiming to favour foreign business, while the armed forces serve his policies by keeping a a tight rein on dissenting politicians and on the trade union

The pattern had been set in And even the situatiaon in 1973 in Chile when General the more stable of the Middle Pinochet took power and began American OPEC countries, has East states is proving dis- a process that has tempted a process that has tempted a appointing to some multi-cluich of U.S. companies—billions of petrodollars being nationals. There is, after all, including the Bank of America, Exxon and Atlantic Richfield-

In recent Pinochet Government has won a rare accolade from the World As far as the U.S. business- Bank which has expressed the Brazilian automotive market man, in particular, is concerned enthusiastic public support for

tary authorities have mainforeign private investors, while, in Peru, they have improved the situation from what it was.

But investors, lenders and been intelligent, discovered-or re-discovered—some perhaps truths about Latin America which go deeper than the politics of this or that government of the moment. Sr. Enrique the United National Economic Commission for Latin America, and one of the region's foremost strategists, resumed them in an appreciation of the prospects for the next decade, published in the De-cember, 1979, edition of the

Free Trade Association

River Plate Agreement

The Andean Pact

Energy resources

Food production

Motor industry

Links with USSR

European/U.S. links

Minerals

The longest, c

factors. In the first place the was highly favourable. It is estimated, for instance, that out of potentially cultivable land in Latin America of 575m hectares only some 170m is now being

exploited. Latin America has a third of the world's reserves of copper, more than a third of the bauxite and a fifth of the iron ore. There are great gas and reserves while the potential for the generation of hydroelectricity is a third greater than that of the Soviet Union, more than double that of the U.S. and Canada combined and four times that of Europe. No more than 15 per cent of it is harnessed at the moment.

In the second place there was Speaking of the region's possi- a labour force which was fairly bility of growth over the next rapidly acquiring specialising

his policies. In Brazil, the mili- decade, he cited four positive skills, including management

Thirdly, according Iglesias, Latin America has a broad and diversified industrial base. Latin America in 1978 was producing 23.5m tons of steel or five times the total in 1960; power production, which increased five-fold between 1950 and 1970, doubled again between 1970 and 1978.

Lastly the size of the market. The writer forecast that if the average annual rate of 7.4 per cent until 1990, its product would be appreciably bigger than that of Germany, France and Italy in 1970, of the Soviet Union in that year.

On the basis of these four factors, Latin America offers possibilities of growth which are matched in few other regions of the world. But as Iglesias points out-and even the most casual of visitors can observe-the fruits of recent economic growth have not been distributed in any particularly equitable fashion and the social tensions which have arisen from a situation in which about 40 per cent of the population of Latin America suffers from extreme poverty and about half of those suffer from stavation conditions of existence.

'The development of the last 30 years was thus marked by basic ambivalene," remarks hand it revealed the region's While on the one for increasing its material output at a fairly high rate, on the other hand it re-flected a flagrant inability to distribute fairly the results of this more rapid material pro-

which explains the contrast credit conditions to bring about between the optimistic conclu- a slump in some of the key sions which may be drawn from the evolution of some conventional economic indicators . . . and the ssome times discouraging conclusions arising out of

. . . mainutrition, poverty, being experienced would of illiteracy and under-employ-necessity follow.

Social tensions

The social tensions which have arisen from the pattern of recent development are now being played out with tragic and mortal consequences in the crisis spots of the region. Who could doubt, for example, that the situation in Central

America, and in particular in Nicaragua, El Salvador Guate-mala would be so disturbed today if the fruits of economic growth had been better distributed?

The same could be asked about Brazil where a powerful trade union movement is demending sharply now what it was not allowed peacefully to negotiate for 15 years.

It is clear that the playing out and correction of these tensions in Latin America would be a difficult enough task at a time of plenty and when the world economy was hoomdoubly difficult if the economy of Latin America were to be pulled into deep recession by the behaviour of the North Atlantic economies on which Latin America continues to depend to a large extent.

Were a faltering of demand for Latin American goods, the construction of protectionistic walls against the region's trade other places.

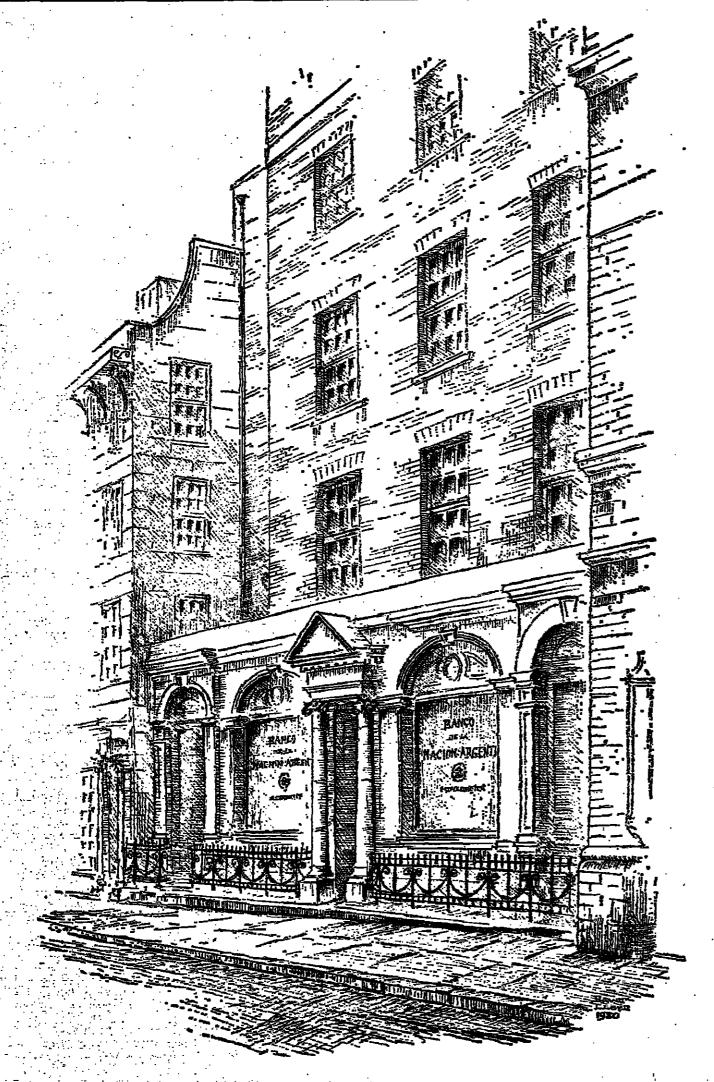
"It is this essential ambival- and the imposition of tougher economies of the region, then would not just be the economic picture that would look black-political unrest on a much bigger scale than is now

> This, in its turn, would bring about a polarisation of political forces between the dictatorial and authoritarian right and the radical left. The political problems of the region would be multiplied.

> This drama is unrolling most clearly in Brazil at the moment where the Figueiredo Government is facing the pressures of increasingly costly foreign borrowing, coupled with threats of tariff barriers against its ex-ports to Europe and the U.S., the whole exacerbated by a mountainous foreign debt and

> increasing costs for oil imports. Despite all this, the Government does not for the moment dare to put the economy into reverse. The social discontents that would arise from such an action, the growing unemploy-ment and the disappointment of hopes of tens of millions of poorer Brazilians for a better life, could produce widespread political discontent. And what could happen in

> Brazil, could also occur in many the world economic outlook does not worsen, or even improves, then Latin America's prospects are certainly excellent, more inviting than those of the rest of the developing world. If the reverse happens, then the region's future could be a lot more bleak than in many

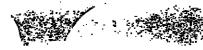


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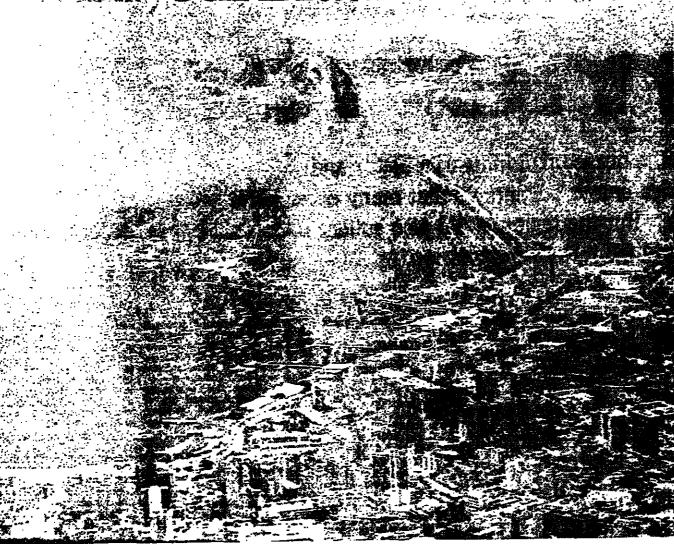
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Divisions persist after 20 years of transition

FREE TRADE **ASSOCIATION**

ROBERT LINDLEY Our Buenos Aires Correspondent

of transition" which the Latin American Free Trade Associa-tion (LAFTA in English, ALALC in Spanish) granted itself when it was founded in Montevideo, Uruguay, in ebruary, 1960, will end on

It has not been a singularly successful experiment to say near its original goal of growing into a true Latin American common market. For more than decade and a half, there have been no multilateral negotiations to lower tariffs in the

prolonged hibernation of LAFTA threatens its conexistence—even σn The Foreign Ministers Mexico plus the 10 South American countries existing at the time of LAFTA's birthwill decide in Montevideo in August whether to resuscitate the association or pronounce it

LAFTA, like the European Economic Community (founded in 1957) and the European Free Trade Association (founded in 1959), came into being as a result of World War II.

But it has come to its present grief largely because it tried to apply in the region of Latin America on orthodox model of integration patterned on the

Simon Bolivar, when he was wrenching a large part of Latin America from Spanish domination early in the 19th century, foresaw the difficulties. Integration. Bolivar wrote. "is not possible because remote climes. situations, opposed dissimilar characterislics divide America.

The founders of LAFTA did

ound differences between the Mercado on Argentina's diffi-LAFTA countries and the EEC. which is most things Latin America is not: a much smaller erea, much more homogeneous, much more densely populated, highly industrialised and a vast capital market.

To make matters worse. LAFTA has suffered from the eo-protectionism of the industrialised countries, a pheno-menon caused largely by the end of the era of abundant and cheap energy, which has resulted in a balance of pay-ments crisis and inflation. The reaction of the industrialised countries of course has been to restrict world trade by nontariff means such as "gentle-

men's agreements." Unfortunately for developing regions such as Latin America, neo-protectionist nomenon promises not to be a passing one but a sign of a the world.

The "diverse situations" and "opposed interests" within Latin America perceived so well by Bolivar have been all too manifest in LAFTA.

Literally, the association is divided between the five mem-ber countries of the Andean Pact-Peru. Bolivia, Ecuador, Colombia and Venezuela, all of which are relatively underdeveloped and as such still committed to protectionism-and the relatively more highly developed Mexico. Brazil and Argentina, which along with their three economically liberal allies in LAFTA—Chile. allies in LAFTA—Chile, Uruguay and Paraguay—have opted for free trade.

The vaguely anti-capitalist ndean Pact countries in LAFTA find the technology and the know-how available in Latin America compatible with their state of lesser development. while the remaining six countries welcome the competition for their local industries provided by cheap imports from the U.S., Japan and Europe. This division between the

"five" and the "six" in LAFTA is in constant evidence. Sr. Edguardo a Silveti writing

culties in trading with its neighbours, including its economically liberal allies within LAFTA. admonishes: "It's of little pur-pose to build bridges with Uruguay, Paraguay and Brazil. to press forward with railway and road conections with Bolivia and Chile, if afterwards, when the moment to reap the benefits arrives, barriers are raised to impede trade and industrial

complementation." Another difficultiv. between Argentina and Chile, is the Beagle Channel boundary dispute which the Vatican is trying to settle peacefully through

mediation. Meanwhile, much Argentine-Chilean co-operation has been shelved. As Sr. Silveti says: "Argentina needs to export to Japan agricultural products such as sorghum, soya-



A worker in Ecuador, harvesting bananas at a plantation near the Riobamba-Guogaquil highwoy, between Naranjal and Ei Guabo. Cattle and bananas are the main produce

of the region

the north and coatre of Chile. Chile, in tern, needs to have a way out for its products on the

However, although LAFTA has been a faithre so far, it has been a complete failure. For exemple, 30 per cent of all Ar sential's world exports are bought by LAFTA countries, which take 70 per cent of its

exports of industrial products. The LAFTA experience ha-also raught member countries to export at low costs, allowing them later to move min more difficult markets.

And it was thanks to LAFTA z uniform tariff comencia tures have been imposed in Latin America. LAFTA menher countries have wranted one enother recipancal credits and er one time, LAFTA was perentrepreneurs could set to know

one mother. It may be that if LAFTA survives this year, it will be on the terms of the Andean Part. which farmer intrizonal economic integration and complemenration - not only within the LAFTA countries but also with the countries in the Central American Common Market and the Caribbean's CARICOM member countries as well - rather than free trade. The Andean Pact countries fear that free trade could destroy their courtgent industries.

But if the Andean Pact these continues to prevail, at least one of the free trade-oriented -may withdraw from LAFTA.

-Se. Carles Garcia Mortinez. Argentina's ambassadur to the esaciarios, svid 'Argenina accents an extension of the period for LAFTA to be reform penaluely sweeping in is structure and philosophy is arreed on a reform which permits: the overcoming of the association's long period of

Otherwise, said Sr. Garcia Marrinez Argentina will vote egetas: prolonger's the "period of transition" and "will reconsider thereights its future postrien ris-c-ris LAFTA."

Few accomplishments so far

RIVER PLATE **AGREEMENT**

ROBERT LINDLEY

IN VIEW of the tremendous potential of the River Plate Basin — more than that of a dozen Ruhr valleys—it is some-what alarming that the five countries which share the basin did not come around to agree-ing on a joint declaration about it until 1967—and they did not sign the River Plate Basin Treaty until two years later.

The treaty, in fact, did not go into effect until August 14, 1970. The pre-amble did no more than state the obvious: "combined action will allow harmonious and balanced development, as well as the best utilisation of the huge natural resources in

As basin's go, that of the River Plate ranks fifth in the world in size and second in Latin America — after the Amazon River Basin. The waters which flow into the River Plate estuary and then out into the Atlantic Ocean come from rivers which knit together the

3.2m sq km area of the basin. The five countries which come together in the River Plate estuary are: Argentina, Brazil, Bolivia, Paraguay and Uruguay. Forty-five per cent of the basin is in Brazil, and 40m people (35 per cent of Brazil's population), live in Brazil's part of the basin.

Seventeen per cent of the extension of Brazil, the largest country in South America, is in the River Plate basin. A 1m sq km of the basin are in Argentina, and 80 per cent of the country's population of 26m live in the basin.

Bolivia's portion is 200,000 sq km, in which there are 1m inhabitants Paraguay and Uruguay are entirely within the River Plate Basin. The extreme north of the

basin is in Brazil's Matto Grosso, where the Great Parana river, the basin's spine, begins. Its extreme south is in the south of Buenos Aires province, where the Salado River rises to flow into the River Plate estuary. The basin's western boundary is also in Brazil, in the State of Minas Gerais. The basin is bounded on the west at the source of the Pilcomayo River in Bolivia

The River Plate basin is rich in fertile soils—from the grain and cattle-growing pampas in its south to inextricable jungles in its north. The basin's mineral wealth is incalculable, but the iron ore deposits in Eastern Bolivia, and within the basin, reputedly exceed 60.090m tons. There also is natural gas in Bolivia, as there are unfathomed in Argentina. Its huge rivers, of course, are

"soul" of the River Plate basin—the source of cheap energy and transport nydro-electric energy potential the basin is estimated to be least 100m kW. The Itaipu Hydro-electric Scheme, now being constructed by Brazil and Paraguay on the Upper Parana River, will be the biggest in the world. A system of dams and turbines is planned for the Middle Parana, in Argentina, with a potential of 5,600 MW. which would be the sixth largest hydro-electric scheme in the

Ships drawing 31 feet can sail up the Parana River as far as Corrientes, Argentina, on the Paraguayan border, and those drawing 30 feet can get as far as Santa Fe, in north-central Argentina. An essential con-sideration here is that the cost of transporting cargo by water is five times less than it is by rail, 15 times less than by road and 70 times less than by air.

Waterways

If, and when, the necessary Plate will have 15,000 kms of navigable waterways. There also is the possibility of joining up the River Plate basin's river system with that of the Amazon River basin and, in turn, with the Orinoco River basin, which would make it possible to travel from the Caribbean to the River Plate estuary, crossing the South American continent by inland

The River Plate Basin Treaty,

whose purpose it is to develop all this potential, differs essentially from the Latin American Free Trade Association, the Andean Pact and the Central American common market in that its stated aim is not to compel the formation of multinational links. It simply proposes the carrying out of certain possible and necessary projects.

Typically, accords for the exploitation of rivers, such as the Parana and the Pilcomayo, do not entail even a suggestion of the delegation of sovereignty, The accept indeed is on monious development."

In its two decades of existence, the River Plate Basin Treaty has not, probably inevitably, achieved very much. Maintaining harmony—on the one side, between gigantic Brazil and Argentina, both of which have large internal markets and considerable diversification of production and on the other side. Para guay, Bolivia and Uruguay, which do not—is difficult. Perhaps the greatest of the Argentina, Paraguay and Brazil concerning the damming of the

tion of hydro-electric projects. Plate Until early this year, Brazil and Argentina were at logger heads over the height of the projected dams at Yacyreta and Corpus, between Paragnay and subtract energy potential from its and Paraguay's Itaipu Dam, hastily-conceived

Parana River for the installa-

minerals in the Andean foothills been the providing of a forum be on its way to being solved

The eleventh meeting of the 352TD scheduled to take place in Beung Aires in August. There is a movement afoot to agree at this meeting on the curbing of the proliferation of Argentina Brazil maintained groups an aitment which began that the planned height of the at the treaty foreign ministers' Corpus Dam, especially, would fourth meeting in Asuncion, in 1970. The result has been many upriver. The impasse seems to leading nowhere.

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THE ANDEAN PACT

SADITA KENDALL

Car Quito Catrospondent

ALTHOUGH THE Andean Pact common market is still far from heing a "nation of republics," last year's meeting of Andean Presidents to celebrate the Pact's 10th anniversary has given it new vitality.

Not only did the region's presidents give unqualified support to economic integration. but they agreed that the organisation should develop a stronger political role and take part in discussions for a new international economic order.

Since the anniversary celebrations in Cartagena, a civilian president has taken over in Ecuador, and another will Bolivia's destiny seems less certain, the Andean countries in terms of income per capita. certain, the Annean countries in terms of their relatively democratically elected heads of state before long, and this sectors, Bolivia and Ecuador sectors, Bolivia and Ecuador would add a new dimension of political unity.

"The Andean experience for full economic integration, shows that a certain compati- Ecuador has now pulled well

ment strategies should be similar, in order to make progress towards economic unity," said Mr. Washington Herrera. the Pact's technical co-ordithis year.

Chile's exit from the Pact in 1976 was a clear example of the incompatibility of political and economic models, and there are hopes that the new democratic governments will give the common market extra momentum at a crucial stage.

Negotiations for the establishment of customs duty levels for the common external tariff have been moving very slowly, and if they can be completed this year. one of the Pact's most significant goals will have been achieved.

The population of the Andean countries - Bolivia, Colombia, Ecuador, Peru and Venezuela-70m, Venezuela heads the group were granted special membership terms and longer deadlines

Ecuador has enjoyed several years of record economic growth. Above: Otavalo

Indians in the market place at Equator Town, Ecuador

necessary, and it is also im- years of record economic main exporter. portant that national develop- growth. Bolivia's position has been further weakened by

political instability and the failure to attract foreign capital to implement the Pact's industrial projects. At the nator, at the Planning Mini. Cartagena meeting, the Andean sters' meeting in Quite earlier Presidents pledged their support for special measures to resolve the transport and trade problems of landlocked Bolivia. In 1979, the Andean countries'

foreign trade was worth \$45bn -\$24bn in exports and \$21bn in imports. The biggest exporter was Venezuela (14bn) followed by Peru and Colombia (3.5bn each). Ecuador (2bn) and Bolivia (0.8bn).

The United States is the pact's chief market, and a commercial agreement between the two was signed in December last year. Though the volume trade included is not great, the agreement is important for another reason-Ecuador and Venezuela are no longer to be shortly do so in Peru. Even if represents a market of over excluded from the general schedule of preferences because of their OPEC membership. Regional trade, excluding oil,

is estimated at \$1.1bn for 1979, compared with \$62m 10 years The growth in traditional exports has been especially rapid since 1977, and these represent 85 per cent of

bility of political systems is ahead of Bolivia after several the total, with Colombia the steel, for which a large market

Land transport and communications between the five countries are slow and unreliable, and cargoes must be unloaded at some frontiers. Plans to improve road connections exist, but there is only one rather poor link between Caracas and La Paz-the Pan American highway, much of which is winding mountain road subject to landslides.

Tariffs decision

The decision on common external tariffs was to have been made by December, 1975, and has been repeatedly put off in an effort to try and match very different proposals by the five market. Andean countries. agreement appears to be close, and it may be possible to keep chemical and electronics pro-to the December, 1980, deadline grammes should be complete by for the first series of adjustments to the new tariffs. The process should be complete by

will make their last changes. Apart from adopting the new also obliged to drop all other forms of protection, such as im- tricted the inflow of capital. port quotas and prior deposits. For some goods, this will mean

are eliminated. Venezuela, management. Peru and Ecnuador are pushing low one.

the subject of argument special terms in the future. because, for example, Venezuela The private sector has she has very low tariffs on goods not manufactured locally, and higher taxes would be inflationary.

of origin for all regionally produced goods must also be entirely national.

man technical junta. It must exporters—and this is taken as meeting. The Andean parlia-also formulate and implement a good omen. ment had a preliminary meeting industrial programmes to the Now that the most important in December last year, and will tries. These programmes cover are within sight—though much strategic industries such as remains to be done-attention petrochemicals, , vehicles and is turning to other areas.

is necessary to justify investment. Three-metal working, petrochemicals and vehicleshave been approved in the Pact's 11 years, and the changes to the metal working sector were completed last year, taking into account Chile's resignation and Venezuela's

According to a junta docu ment 45,000 new jobs in metal working were created by the end of 1978. It is the only programme well under way, for the petrochemical allocations must also be revised as a result of the membership change, and only Ecuador has completed negotiations for the production of vehicles for the Andean

Of the other industrial sectors, the steel, fertiliser. chemical and electronics prothe end of the year, though the steel project involves the creation of two multinationals in 1990, when Ecuador and Bolivia the region rather than country by country assignments.

In spite of early fears the tariff level, Pact countries are Pact's foreign investment regulations do not seem to have res-Some potential investors are

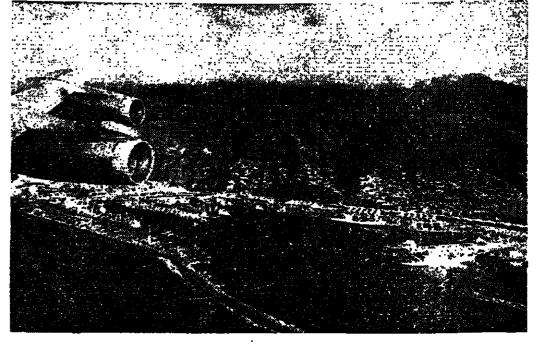
pleased to have clear cut rules reducing import taxes from over to work with, and the increase 200 per cent to under 100 per to 20 per cent a year in the profit remittance allowance was Colombia's industry is by far widely welcomed. To qualify for the most competitive and there the lowest regional tariff rates, are fears that Colombian goods at least 51 per cent of a company could swamp neighbouring must be in national hands, countries once internal tariffs including 51 per cent of the

Andean capital is treated as for a relatively high maximum national capital within the external tariff, and Colombia a region, and it is possible that other Latin American countries, The minimum level is also such as Brazil, will be granted

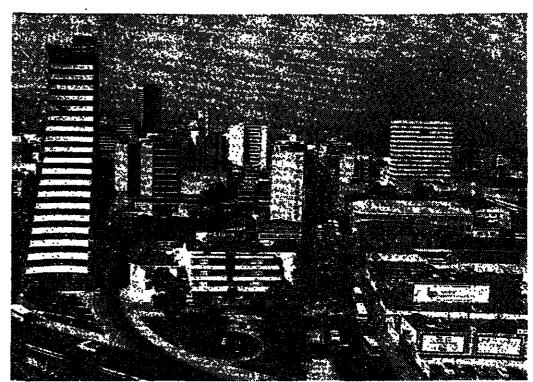
The private sector has shown mixed feelings about the pact ever since its creation and aggressive statements from one ifiationary. or other organisations have The complexities of the rules frequently ruffled goodwill.

The Colombian Industrialists Association, for example. resolved before internal tariffs accused Bolivia and Ecuador of are cut so that products manu- demanding too many concesfactured with imported compo- sions, and holding up negotianents do not have the same tions. However, three private tariff benefits as those that are sector Andean organisations have now been formed-con-Tariffs are not the only pre-federations of industrialists, of occupation of the Pact's three- chambers of commerce and of

satisfaction of all five coun- aspects of economic integration function from August.



Above: The approach to Caracas Airport. Below: Bogota. Colombia. Among the Andean Pact countries, Colombia's industry is by far the most competitive



tion, labour and health agreements, and some officials are concerned that the Pact is not providing enough direct advantages for the mass of the Andean population.

On the political side, there have been some major advances as a result of the Cartagena

Representatives, who initially be appointed by their own legislatures, and later

well as human rights and political activity.

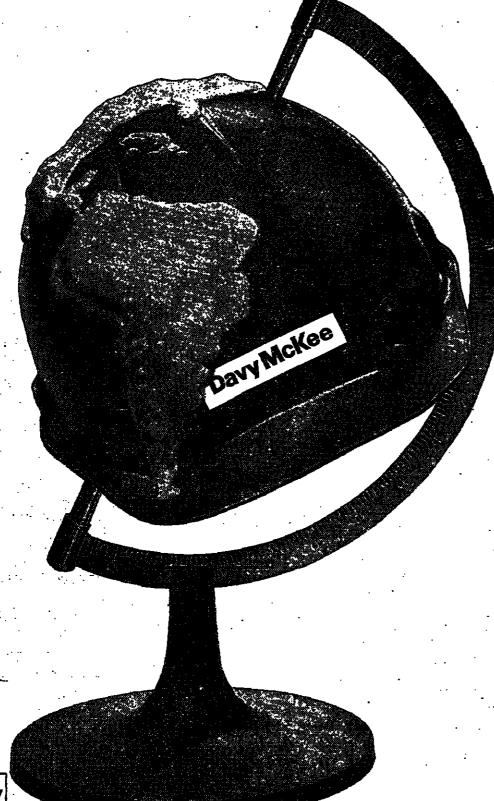
The Andean tribunal is to be set up shortly, and will deal with the multitude of complaints and mutual accusations Pact members have been making. The Council of Foreign Ministers met for its first session in January, and shortly afterwards, at the time of the Cuban refugee crisis, offered its support to Peru.

At the end of this year, the

Little has come of the educa- elected in each country, are to Andean Presidents will discuss on, labour and health agree- monitor the Pact's progress, as proposals for a strategy for the development of the region. The strategy will draw on national plans—the junta is encouraging members to devote sections specifically to integration—and will try to harmonise social and economic policies throughout the region.

The Pact is also defining new trade relationships with the EEC and LAFTA this year. Ase Mr. Herrera said recently: We know what we need to do. now we must define how to do it, and take urgent decisions."

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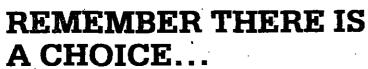


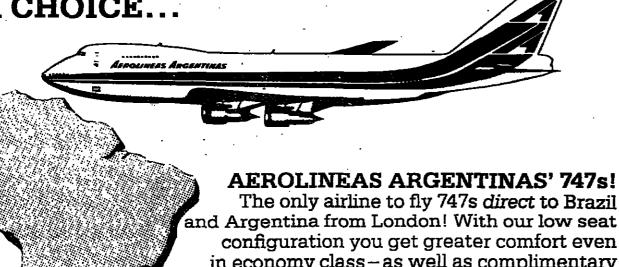
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Hard lessons bring changed attitudes tourists. It also has a militant environment protection associa-

THE AMAZON PACT

DIANA SMITH

THE GREEN HELL where man is the impertinent intruder in search of El Dorado: this is the myth of the immense Amazon a third of the South American

Eight nations-Brazil, Venezuela, Colombia, Peru, Ecuador, Bolivia, Surinam and Suyana host part of the Amazon Basin. Brazil alone harbours 60 per cent of a complex ecosystem of rivers and forests responsible for one-fifth of the world's fresh water and an estimated 25 per cent of its oxygen.

What to do with the Amazon: leave its, natural resources, trībes and fauna undisturbed; develop resources judiciously or simply pillage? This is a question as old as man's dis-covery of this sprawling mineral-rich subuniverse. For centuries, only native

tribes, adventurous foreigners or crusading missionaries sought the depths of the "Green Hell." Brazilians, especially, clung to their coastline like crabs while the Spanish-speking populations of Andean countries that also harbour the Amazon opted for the highlands, rather than the jungle.

Ostentations

When men of European followed navigable Amazon rivers inland, in search of wealth, their quest paid off: in the nineteenth century, the rubber trees of the Brazilian Amazon created a host of rubber

Their tribute to themselves and their taste for the ostentatious stands in Manaus, 2,000 kms inland from the Atlantic near the convergence of the Black and White Rivers. Manaus boasts one of the world's most spectacular opera houses, built of marbel, once echoing to the golden notes of Caruso and other great singers, but today little more than a musuem.

Manaus now has 600,000 out a vast range of electrical

The fauna of the Amazon has for their hides that in many areas, the ecological balance is severly disrupted. Millions of acres of forest have been cleared without a care for preservation of tare species of trees for fly-by-night cattle ranching projects. Some years ago, these pryeas seemed, to their promotors, to be the answer to Brazil's demand for meat, they proved unprofitable. Now, many are deserted scars among the green.

the Aamazon has grown, to some extent in direct proportion to the new continental South America. That consciousness, in recent years, accords: the River Plate Basin Treaty, the Cartagena Pact of the Andean countries and efforts to strengthen the Latin American Free Trade Association.

Now, it has bred the Treaty for Amazonian Co-operation, signed in July, 1978, by the eight Amazon states, later ratified by members and now on the verge of coming into full force. The treaty is not an economic accord—it is a broadbased frame agreement that, if properly applied, will allow member states to protect the Amazon from human predators, plan sane, judicious development of resources, improve transnational river and road transport, and, through joint research, unveil the mysteries of this largely unknown ecosystem.

Brazil took the lead in promoting the Amazon Treaty, its own Amazon consciousness developed with the successes and errors of the opening of the region to migration and development after 1966. That surge culminated in the most controversial phase of Amazon frontier-breaking: laying of the trans-Amazon Highway in the early 1970s.

That highway, one of the Pharaonic projects of the hey- Indians—a segment of mankind man-made progress: something thriving day of Brazilian growth, carved that, to most Brazilians was to be blindly eliminated. The placid tribes who had rationally nearly "sub-human." handled their environment since. appliances. It is a free port, handled their environment since. Having witnessed the destruction not remain merely catering to Brazilian. Latin recalcitant time immemorial tive failure of massive cattle ing piece of paper.

tion — a development that in the wake of the 1973 energy first imported from India more illustrates changing attitudes of Brazilians and their Spanish-speaking neighbours towards the much-vandalised Amazon.

The fauna of the Amazon has river transport has been upgraded.

When Brazil first outlined the Amazon Treaty in 1977, its over-tures were greeted tepidly by neighbours. There was still a fear that Brazil had geo-political designs on the sub-continent and that it might use the Amazon question to encroach on the sovereignty of neigh-bours. But those fears were assuaged as Brazil's boom cooled. off, and the fight for economic survival in the face of soaring oil prices, inflation, population explosions, and chronic poverty Amazon were lessons learned called for commonity of pur-painfully. Today, concern for pose among South American

Acceptance

Once the idea of the Amazon Treaty gained acceptance it was negotiated in record time—15 months—and signed, in Brazil. with pomp and expressions of high hopes for its effectiveness. An important aspect of the treaty is its call for joint health research. The Amazon Basin is

breeding ground for lethal viruses, many still unidentified by scientists and for which no known cure exists. Viruses, amoebas, or mysterious diseases carried by equally-mysterious insects, take the lives of debili-tated well-nourished foreign anthoropologists, botanists or zoologists as ferociously as they wipe out often-undernourished non-Indian populations of riverside hamlets and towns.

Equally, member countries hope to work together in studies optimum agriculture for arable areas of the Amazon. Brazilian researchers are now working with Indian tribes, drawing on the Indians experience in short-season crops in the varzeas or river bank areas, which are flooded for several months of the year. This is something of a turnabout: not long ago, one would

with their pelghbours, Amang companies are going into 8sh farming, aware that the world demand for fish is mounting while supplies dwindle.

standing the need to balance the Amazon environment. Brazilian authorities have set also hoping to find ways, with their neighbours, of improving supervision, which now suffers from lack of funds, personnel, and means of transport, often relying on dedicated smatters who receive no wage and, with few tools at their disp struggle to protect the faint international consumer

narket. The Brazilians are aware that finere will be no overnight miracles in the Amazon: they are preparing for the labours generations to come, gradually discovering the nature of the region and how it can be developed, where possible and without irrepar-

able damage. The Pharaonic spirit will no longer be encouraged; mammoth hydro-electric projects are reserved for non-Amazon rivers characteristic of Amazon waterways from which energy can be transported over reasonable

forestation of native species will be a constant practice. Gigantic, foreign projects like the 6m-acre Jari Development, owned by the American aire, Mr. Daniel K. Ludwig in Brazil's Amazonian Para State. will not be repeated, settlement projects will, it is hoped be handled rationally not helterskelter, and with efforts to educate settlers in respect for the environment.

- Patentiy, pat ignorance, and have been hard put to find more in many cases, irresponsibility than a handful of Brazilians who moved individuals or groups to considered they had anything treat the Amazon as ruthlessly to learn from the primitive as any obstacle in the path of Having witnessed the destruc- not remain merely a well-mean-

Chile and Argentina still bickering over islands

LONGEST COMMON FRONTIER

MARY HELEN SPOONER Our Santiago Correspondent

NOT LONG AGO, a new transit tunnel through the Andes (which divide Chile and Argentina) was officially opened. Delegations representing the military regimes of Gen. Augusto Pinochet and Gen. Jorge Videla met inside the where surveyors had established the border, and a ribbon-cutting ceremony was held. Shortly after the ceremony, and even before the delegations had left the area, the tunnel was clogged with vehicles from either side, seeking to cross the border.

If the 1,600-mile border dividing the two countries is now more easily passed, it is not so easily defined. The Vatican is expected to announce a new proposal to resolve a territorial dispute between Chile and Argentina-the dispute dates back almost a century and, only last year, threatened to lock two of South America's most ferocious military machines in a devastating

At issue is the ownership of three tiny, uninhabitated islands-Lennox, Picton and Nueva—located south of Tierra del Fuego. With the new 200-mile limit on territorial waters. whoever owns the islands will also have control over important marine resources, oil deposits and strategic waterways.

Territorial bickering (which reached unprecedented levels 18 months ago when troops from sides mobilised along the longest shared frontier in Latin America) is hardly new to Chilean-Argentine history.

Chile, which today measures for oil in the Trend and no more than 180 km at its area since 1977.

Up until this time, harsh area conditions in the area greater part of Patagonia. Like most Latin America nations, had made oil exploration pro Chile and Argentina referred to hibitive, but rising oil prices

the Spanish Crown to determine search for new sources. Chile Channel, one of three routes of their territory upon declaring independence. These early limits gave Chile most of the desolate grasslands which today

the 19th century both the Santiago and Buenos Aires governments initiated aggressive immigration policies, aimed at colonising their southern territories. However, pressures from the Argentine side were greater, as the country's railways were expanding and new methods of freezing beef for shipment to European markets was transforming the country's economy.

Chile, meanwhile. engaged in the war of the Pacific with Peru and Bolivia, extending its territory north-ward. With Argentine development pressing southward, and Chile's attention directed in the opposite direction both coun tries signed a treaty in 1881 which delivered 726,266 sq kms of Patagonian territory Argentina and established current border.

Prizes

According to the treaty, Chilean territory extends down through half of the island of Tierra del Fuego, plus all of the islands south, but not west of Tierra del Fuego. In its claim, Chile states that

Lennox, Picton and Nueva are south of the island Tierra del Argentina says the Fuego. islands are west of the Tierra del Fuego Archipelago, hence belong to it.

Among the prizes at stake in the dispute is oil. A geological survey in 1973-74 that the continental shelf, off Argentina. was rich in hydrocarbon sediments. Though the richest area is said to be in the vicinity of the Falkland Islands (governed by Britain, but claimed by Argentina), both Chile and Argentia have been exploring

had made oil exploration pro-

the boundaries handed down by have forced both countries to block access to the Beagle imports fully three-quarters of access between the Atlantic and its oil, and although Argentina Pacific. imports only about 10 per cent, its oil reserves have dwindled

> But more importantly, pos-session of the islands has strategic importance in defence of the South Atlantic. In terms superpowers. of bilateral strategy, the islands in 1971, both countries would give Chile the power to agreed to binding arbitration

Such

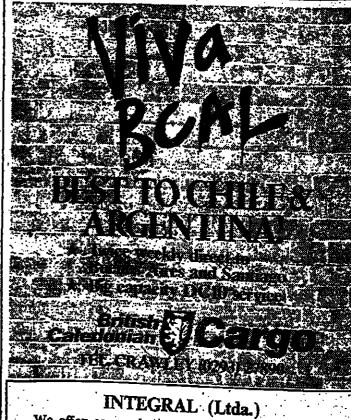
isolate the Argentine port and helong to Argentina, as well as and its ruling junta hopes the naval installation of the straits of Magellan in the South.

South.

South reserves have a naval installation of the souther sufficient oil to enable the of Tierra del Fuego.

Chilean control of the country to become selfnaval installation of Ushuaia. located on the southern shore Chilean control of the Beagle the country would be elevated to the status of necessary trol the region by one of the

CONTINUED ON NEXT PAGE



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Fuel resources on a vast scale

ENERGY

KIM FUAD Our Caracas Correspondent

ATIN AMERICA is a microusm of the world energy ilemma, offering archetypal eximples of paradoxes which will make energy planning in the century more of an obstacle

race than a precise science. Looming largest among these paradoxes is the disparity between Latin America's energy potential and the way it is used, with a number of the region's nations, notably Brazil, forced to beggar themselves to buy oil from the Middle East.

Yet, stretching from the Rio Grande in the north to the South Pole, bathed by the rich in energy resources.

Its fossil fuels potential, only

per cent a year.

In fact, Latin America is the

partially explored, provides the most oil-dependent region in exports of almost 2m b/d, sent and the outlook for 1980 is in barrels. Possibility of 740 bn barrels of the world. Only nations such as only 730,000 b/d to regional the range of \$18bn, according With natural gas and coal or more than present proven world oil

A huge network of rivers, including the Amazon with the world's largest flow, offers a potential equivalent to over 10m barrels-per-day of oil, more than current U.S. oil produc-

Prospecting for uranium has barely begun. Reserves are estimated to be 80,000 tonnes, hardly realistic in view of the region's land mass. Equatorial weather in South America also provides a tremendous potential for solar and other non-conventional energy sources, such as

Nonetheless, Latin American nations have done little to reduce their reliance on oil, with Atlantic and Pacific Oceans and liquid hydrocarbons providing enclosing seas of the size of the over 70 per cent of energy needs Caribbean, Latin America is which are growing at about 5.5

out domestic energy sources, per cent of Mexico's 750,000 b/d the region's foreign debt has overtake Venezuela as the offer a parallel. Moreover, exports went to U.S. consumers been devastating—about \$100bn region's largest producer this during the past decade this last year. dependence has increased with increasing consumption 7.8 per cent a year between 1974 and

Trade patterns

a few of the more than 20 Latin American nations have oil of their own.

And it is compounded by Latin America's largest producers, Venezuela and Mexico. shipping only a small share of their oil exports to other Latin neighbour, the United States, increase, to 6.5 per cent. following trade patterns established half a century ago. Venezuela, world's largest net

oil equivalent in petroleum, Japan and Italy, virtually with- consumers in 1979. About 80 to one analysis. The effect on about 2m b/d, Mexico should

In the 1960s, South American 1979. the region's net oil importers oil importers took advantage of

The other major paradox economic policies of the U.S., term, although a number of arises out of the fact that only Europe and Japan, the region Latin American nations have Europe and Japan, the region became hooked on cheap Arab taken steps to conserve energy oil and, like the rest of the and to develop alternative world, suffered the rude awaken- sources. ing of the oil price revolution

Growth in the average gross habits die hard, national product declined from In terms of re a 7.1 per cent between 1970-74. American nations. The bulk to 3.2 per cent in 1975. It was goes to their giant northern only last year that there was an

saw their bill rise from around exporter between 1929 and 1969. \$1bn in 1970 to \$4.4bn in 1974. ning of the 1970s to present Despite an estimated potenand still a major supplier with Last year they paid about \$10bn proven reserves of about 50bn tial of 430bn barrels of oil plus

With such incentives and a during the long period of falling large, Latin America should oil prices, cutting deeply into have moved rapidly to reduce Imitating the energy-intensive not been the case in the short But on the whole, Latin America has found, like the rest of the world, that old

> In terms of regional oil pro- the end of the century. duction, the brightest aspect Increased oil prospecting has been the resurgence of throughout the region should Mexico as a major producer, eventually increase the number Long exploration efforts have

With production currently

Venezuela. which provided one out of every five barrels of lower-priced Middle Eastern oil domestic energy potential so oil traded internationally during its heyday, is battling to keep its old oil fields flowing Venezuela's share of the market. its dependence on oil. This has while developing the enormous resources of non-conventional oil - between 700bn and 3 Latin American nations have trillion (million million) barrels - in the Orinoco oil belt.

The initial output of Orinoco oil should reach about 300,000 b/d by the end of the 1980s, at a cost of over \$8bn and a 1m b/d target has been set for

of Latin American nations self-In terms of energy costs, rewarded it with a spectacular sufficient in oil from the Latin American oil importers growth in reserves which rose current five: Venezuela, Mexico, from 3.2bn barrels at the begin- Ecuador, Trinidad and Bolivia.

a letter from the Chilean

France and Germany resulted

lives, how could our traditional

friendship and brotherhood,

dating back to the indepen-

Trade between Chile and

Argentina, reached \$420m last

year, according to Argentine Ambassador in Santiago, Sergio

Onefre Jarpa, who predicted

further increases this year. The

dence struggle, be destroyed."

CONSUMETION (TOTAL 4 AGT) SIRPLIES GGS PROCEUCTION (TOTAL 5429) VENEZÜELA ECUADOR PERU BRAZIL COLOMBIA BOLLVIA OTHERS PANAMA 95 **E** ARUSA - CURAÇÃO FOR URUGUAY 36 JAMAICA HCARAGOA 54 DOMANICAN REJ 157 EL SALVADOR 41 GUATEMALA

150bn barrels equivalent in give importers relief in balance natural gas off and onshore, most energy planners in Latin

sources and conservation. (OLADE) last year established guidelines for regional energy policies in a meeting in San Jose, Costa Rica, It called on its 23 members to: Rationalise energy consump-

■ Increase and diversify conventional and non-conventional

 Re-order regional oil trade. Optimise transport, storage and distribution of oil. • Guarantee a short-term stable supply for developing nations

dependent on oil. • Strengthen programmes to share energy resources between and the Organisation of neighbouring countries.

And the Organisation of Petroleum Exporting Countries, turies-old animosity between Promote the interconnection

of electric power systems. Encourage co-operation and posed a hemispheric energy technology transfer between regional and non-regional consumers

to-government oil sales, to eliminate intermediaries. international cluding companies. Establish the means to

two countries, though neigh-bours, are not especially imporincrease finance for energy projects by developing countries as finance their purchases of tant trading partners, with the well as international institubulk of commercial exchange carried out with the U.S., Japan OLADE is now completing a Meanwhile, a limited economic

basis for establishing what it calls a "coherent and realistic" regional energy policy. In the short term, OLADE month. is preparing incentives and technical advice for member countries which are to undertake or have already undertaken oil exploration and production.
Additionally, it has sought to

of payment problems

In the longer term, the goal America have placed the is to develop new energy sources emphasis on alternative energy and make better use of available energy, as well as setting up pro-The seven-year-old Latin grammes to produce capital American Energy Organisation goods needed by the Latin American energy sector.

OLADE has a multiple role in this process, providing a forum for analysis of problems and promoting regional and extra regional technical and financial

Mr. Humberto Calderon Berti. Venezuela's Energy Minister, has been the driving force behind OLADE's positive stance following years of non-produc-tive bureaucratic activity.

The 38-year-old petroleum engineer has turned Venezuela into a bridge between OLADE of which Venezuela is a founding member. He has also prodevelopment programme with the U.S. providing finance and knowledge technical exchange for a share of the oil ● Intensify direct government such a programme is expected to bring onstream in Latin

America. At the same time, Venezuela has provided aid to neighbours in Central America and the Caribbean, allowing them to Venezuelan oil in the long term. These nations will pay the 1979 price for oil, about half

study of Latin America's energy of the present price, with the balance up to the year 2000 as a rest financed through five-year interest, President Luis Herrera Campins said earlier this

Venezuela is now trying to get Mexico to shoulder part of the oil aid for Central America as well as seeking to broaden the scope of the OPEC special fund to benefit more Latin rationalise oil consumption to American nations.

Islands dispute continued from Previous page

by Britain, but in the following teachers to give early end-of- 1978, he announced that both foreign relations Under-Secre-Six years before a decision was year exams in view of a possible countries had accepted his offer tary, Lieut.-Col. Ernesto Videla pended. anded down, the island's closure of the schools, and a on mediation and a Latin denied a report, published in For all strategic and economic import number of factories were acceingnessed. In May of 1977, ordered to produce for military he ruling came that Picton, consumption only. In addition, ээлох and Nueva belonged to the 8m residents of Buenos tile. Argentina was to receive Aires were subject to air raid

of the country were confronted with heavy Government propa-... Chile renounced all

ratic Ocean and Argentina in arms purchases, while Argentine in arms purchases, while Argentine in arms purchases, while Argentine bought \$750m worth of the with the arbitration and equipment. ternational law on its side. :ptested.

governments then and Argentina applied a series considerable pressure from his of pressures to try to induce colleagues, who doubted the the Chileans to compromise. As worth of any further mediation these talks faltered, Argentina efforts. When U.S. intelligence rejected a suggestion that the sources in Chile reported that dispute be submitted to a third they suspected the Argentine rarty, and preparations for war military was about to occupy began on both sides.

were closed and students sent south for "field training." The Ministry of Education in Buenos Aires ordered

drills, and along with the rest

During this period of military itorial claims to the build-up. Chile invested \$500m

Under pressure

Both governments then These tensions reached a peak in December of 1978 as Gen. "mutual interest in the south." Videla found himself under one of the islands, troops were Military academies in Chile put on full alert and war seemed

on mediation and a Latin America specialist, Cardinal Antonio Samore, was despatched to the scene.

Samore, using his own brand of shuttle diplomacy, spent two weeks conferring (and playing) with Chilean and Argentine officials. On January 8, in Montevideo, Uruguay, both countries signed an agreement to resolve the dispute peacefully and to demobilise their

For over a year negotiations have been carried out in a tripartite fashion, but no details of the talks have been revealed. Speculation has been growing. however, that Pope John Paul II will announce some breakthrough in the mediation when he visits Brazil next month. possibly detouring to the Chilean-Argentine border to offer a mass for peace. One possible proposal is that Chile would be awarded possession of the islands in exchange for ceding some water rights to

the Il Giornale Nuovo that Chile could renounce its claim to 200 miles of territorial waters as a result of the Papal mediation.

Then there is the matter of the countries' overlapping claims to territory in the Artactic. Possession of the islands could have much bearing upon who governs which areas and the South Pole's largely-unexplored resources. The territorial waters of Lennox, Picton and Nueva project a region of sovereignty which, if awarded ot Chile, could virtually block off Argentina from major maritime routes in Antarctica.

In February of this year, Chile inaugurated an airstrip on the Shetlan dIsland Archipelago of Antarctica, despite the fact that this area lies within the territory claimed by Argentina.

Britain, it should be noted, claims an era overlapping both Chile's and Argentina's claims. ining." The The intervention of Pope Such a proposal, however, And according to the terms of a in Buenos John Paul II probably prevented may not be acceptable to the 30-year treaty, signed in 1961, Argentine the war. On December 22, Chileans. Earlier this month, all territorial claims to the

the citizens of Argentina show little interest in territorial claims. Instead, in the loss of thousands of most have shown a touching desire for peace and reconciliation. This was especially evident June 8 of this year when the Catholic church in both countries exhorted the faithful to publically pray for

Antarctica were to be sus- the old world should warn us,"

For all the animosity between organisation to its Argentine

their respective governments, counterpart said. "If the cen-

Prayers for peace

In Buenos Aires, some 300,000 people endured a consfant rainfall as they gathered in Congress Plaza to pray for a solution to the dispute. After an out-door mass, the crowd marched 13 blocks to the seat of Government, waving hanker-chiefs and singing, "long live our sister republic of Chile."

co-operation is taking place in the heart of the disputed region Argentina has sent at least

4.3m cubic metres of petroleum through an oil pipeline, owned In a more materialistic vein, the Buenos Aires and Santiago by ENAP, the Chilean State oil Chambers of Commerce this company. The arrangement is part of a 1966 agreement which month exchanged letters reiterating their desire for an provides for binational oil shipend to the conflict. ment in the southern tip of the

"The example of countries in

and Europe.

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Huge potential for development

FOOD PRODUCTION

JOHN CHERRINGTON

EXTENDING from the southern U.S. frontier to Cape Horn, Latin American soils and climates have the potential for feeding and clothing populations many times more than those at present living there.

The Amazon basin alone has the capacity of an enormous development of production when modern technology is sensibly. applied. I am not among those who forecast that the removal of some of the forests will change the climate—since rain forests grow where there is ample moisture in the first place, as does all vesetation.

There are huge areas where

production is at its most primitive—and where large populations sometimes live in a state of utter misery, squalor and destitution. But this is the result of human shortcomings. not of natural failure. If a society cannot be organised to give a reasonable life to all-its members, the fault is almost invariably due to the Govern-ment of that country (of whatever shade it may be), or perhaps to an apathy among those who simply accept bad

But, in this connection, it must also be said that all these countries were mercilessly exploited by the Spanish and Portuguese in the first place and then by other European cominterests, once the Spanish and Portuguese empires had been overthrown. This exploitation of cattle and grain in Argentina, for example, or of coffee and other tropical products further north, and of nitrates on the West Coast, were like the gold sent home by the Spaniards. They supplied the appetites of the West, while at the same time repatriating the profits, along with the

commodities. This system could be said to have ended in the great commodity slump of the 1930s, when when crops were destroyed or of irrigation where, unlike burned and vast areas went out Argentina, moisture was lackof production. Those times have ing. It is possible to correlate never returned—at least not on a country's grain yields per the scale of the pre-slump days, partly because of a new-found protectionism in the West, the Argentina enjoyed the lowest

latest example of which is the prices and the lowest yields. EEC, which not only shelters itself, but its erstwhile tropical colonies from the harsh winds of unrestrained competition. But there were other even more potent reasons.

Argentina should, by all its advantages of soil and climate, be one of the great food exporters of the world, rivalling the middle west of the U.S. But Argentina's development is almost static, in this respect. Crop yields are little better than they were when I first worked there, 50 years ago. Densities of livestock are even lower today, in many cases, than they were then.

The reasons for this are twofold. Successive governments, since the days of Peron, raised revenue by taxing exports which, of course, discouraged farmers from selling cattle for export, as it did grain. But, even more serious, was the fact that no Argentine government has ever made it possible to use fertiliser, particularly phos-phate which would have had to be imported.

Very little land is so good that it can be kept fertile without the replacement of some of the basic plant foods on which all crops depend, and which cropping will eventually remove. It is possible to see the spectacular benefits of applied fertilisers in at least a few places in Argentina where they have been applied, however.

Green Revolution

This point was particularly emphaised in the development of the Green Revolution wheats in Mexico. The catalyst of this particular work was Dr. Norman Borlaug, of the Rockefeller Foundation. He was sent to Mexico some 30 years ago to see if he could make the country independent of imported wheat In this, Dr. Borlaug was

successful. His dwarf wheats doubled Mexican grain yields, as they did those of every country in the subtropical belt where they were used. But they did depend on inputs of fertiliser and, in some cases, hectare with the prime level for the crop and, at that time,

A common panacea for social distress is land reform-and tries of Latin America. of the landowners, possibly badly operated, are divided between the workers or landless peasants. In practice, these measures do although bring a measure of social improvement, they have done little to increase food production in the economic sense, except in a very few cases.

After the great revolutions in Mexico in the first 20 years of this century, much of the land was divided up in the Ejido system, and the peasants received between two and four hectares of land each. These holdings are increasingly difficult to justify economically, and could not occupy-or even support—the increasing populations living on them. The lations living on them. result has been a continuing drift to the towns.

It is significant that the best results of Borlaug's work are to be seen on the irrigated deserts of Northern Mexico, a which was not con-worth dividing into Ejido holdings, when the movement was at its height, although there are widespread attempts to seize it for the peasants now that its potential has been recognised.

The best-directed land reform that I saw was in Peru, when has been the fact that it was the General's government was at the height of its power. But here emphasis was on the word "directed"—elsewhere on the continent most schemes were politically orientated and many of them were in shambles. And production suffered, too.

While Argentina has the powers for land reform on the statute, it has never used them and even at home, the home world price, led by EEC sugar, in the same way, possibly products are subject to the pro- sold with a heavy subsidy. Now in the same way, possibly because there have not been the pressures of an angry of temperate agricultural the machinery is for sale. But, antry. Nevertheless, this is systems which are supported by meanwhile, the world price of the countries where a strong industrial base. Chile, sugar has trebled.

another force has involve break down of big estates. This was the Code Napoleon,

this has been practised, in the law originated by the varying degrees, in many coun- Emperor and adopted in most The Latin countries. The code lays theory is fine. The big estates down that the property of the deceased should be divided equally between his children. This is one of the few laws which the Argentines, not a notably law-observing people, obey implicitly. This, during the last 50 years, has had a most beneficial effect on the country's farming structure. But the system has not yet been operating long enough to subdivide land down to the ridiculous fragments that it has in parts of Europe.

Spectacular results The results that I have seen

in Latin America have been quite spectacular. One parranching company, 40,000 hectares, had three owners. Now it has more than 60, and the property has been sub-divided down to the extent that straight ranching has had to give way to intensive crop-ping, milk production, and so on. The effect of this has spread to the local towns which has developed from a rail head shipping a few thousand steers a year, to a base for a complete infrastructure of processing and supply industry.

Paradoxically the weakness of agriculture in Latin America developed with an eye to Eurofood crops and, of course, world-sugar beet industry at one wide as far as the more time. It was highly labouras coffee. These are generally to the community. Under the subject to the vagaries of com-influence of the Chicago school. cereals and meat products.

POPULATION, BY COUNTRIES (Figures in thousands of inhighitants)

	<u>-:-</u>
1950 1978 2000	<i>;</i> ·
Latin America 160,271 344,168 601,247	· ·
Argentina 17,150 26,395 32,861	▔
Bahamas 79 220 330	-
Barbados 211 249 289	<u> </u>
Bolivia 2,703 5,285 9,299	
Brasil 52,901 119,477 212,507	
Chile 6,091 10,732 14,934	١,
Colombia 11,597 25,614 42,441	:
Costa Rica 958 . 2,111 3,377	
Cuba 5,858 - 5,718 12,713	
Dominican Republic 2,361 5,652 9,33	
Ectador 3,307 7,543 14,590	
El Salvador 1,940 4,524 8,700	
Guatemala 2,962 6,839 12,731	
Guyana 423 846 1,256	-
Halti 3,097 5,534 9,866	\subseteq
Honduras 1,401 3,439 6,977	
Jamaica - 1,403 2,115 2,720	
Mexico 26,606 65,421 132,24	<u> </u>
Nicaragua 1,109 2,555 5,15	
Pananta 825 1,808 2,82	
Paraguay 1,371 2,888 5,276	
Peru 7,832 18,821 29,460	
Suriname 215 461 90	
Trinidad and Tobago 632 1,041 1,28	_
Uruguay 2,194 2,886 3,44	
Venezuela 5,145 12,989 25,70	<u>. </u>
THE THE PARTY OF T	٠.

pean markets as to the main for instance, had a reasonable modity markets, as are the of economics, sugar protection: was removed, and the market In these overseas markets, was flooded with sugar at the tectionism and the competition the factories are closed, and

the provisioning of the countries expensive tropical crops, such intensive and, thus, of real value in the area for which there is plenty of scope, as popula-tions rise. But the problem but the viable markets, as well ing systems have developed in

Emphasis on road projects

TRANSPORT

RIK-TURNER

leum within their national boundaries, Brazil suffers from a petrol subsidies.

dependence on imported oil. Brazil's dependence cost the fessor Walter de Lazaro of the country \$6.2bn last year, when Institute of Technological 367m barrels were imported. It transport system in which 80 per cent of all goods are carried by road.

So of the 65m litres of petroleum derivatives produced in form of petrol and 17m in the form of diesel, of which 54 per cent went on road transport.

The decision to develop the road network was taken in 1930, when a government keen to encourage the growth of Brazilian industry and an central role, being responsible accompanying home market for a total of \$1.09bn in exports opted for roads rather than last year, and creating employ-

but as with Argentina, the network was designed to serve the needs of pre-industrial society —in other words it ran between the farms of the interior and the ports, where products were exported to Europe and North

Difficulty

In Argentina's case the advent of the railway had actually pre-judiced the growth of local industry because the Government consistently followed a policy of importing manufactured goods.

When Brazil opted for the development of highways, it. meant the integration of the domestic market, and when car production was established in the 1950s, it meant both major employment opportunities for a growing urban population and a new mobility for the middle Furthermore, encouraged the development of accompanying industries, from steel production to car com-

for industrialisation. As a result, 80 per cent of all goods are now transported by in 1.4m commercial vehicles, and people not lucky enough to own one of Brazil's 7.7m passenger cars travel mainly on one of the national fleet of 1.04m buses rather than

ponents, meaning even more

jobs and consolidating the drive

by train or boat. The consequences of the choice, unforeseeable in the 1930s, were felt acutely after the 1973 oil crisis, when the country's balance of trade took a sudden turn for the worse. Many non-Government economists estimate a \$3bn deficit

This has brought the whole ways cannot be altered overof highway in existence and 7m de Janeiro and the other to Sao to railways is narealistic.

Various solutions are being attempted. In the short-term petrol consumption is being discouraged by price rises and by WHILE MEXICO, Argentina ends. But these moves did not and Venezuela are all blessed pass without protest, parwith ample supplies of petro-ticularly from taxi drivers, who went on strike last year for The long-term answer, as Pro-

Research says, is a change "not is largely, although not excluin the mode of transport but in sively, a result of the nation's the type of fuel used." Thus the Government is embarked on a scheme to replace petro-leum-based fuels with biomass energy generated by agriculture.
In the case of passenger cars, 1979, 15m were consumed in the Brazil is opting for ethyl alcohol distilled from sugar cane. The programme, known as Proalcool, is an expensive one, as indicated by last year's jumbo loan on the Euromarkets of \$1.2bn. But it is one solution for a country in whose economy the car industry plays such

the time having been built and win be needed to encourage administered by British capital, but as with Aroenting the capital, public transport. First, the systems themselves, will have to be greatly improved. Sao Paulo and Rio de Janeiro have underground train systems in varying stages of development, while in other cities such as Porto Alegre, existing rail systems which had fallen into disuse are to be reactivated.

ment for 120,000 people.

This mouth, Sr. Eliseu Resende, Transport Minister, signed a contract for the supply of 60 electric locomotives by General Electric. A total of \$850m is to be spent on metropolitan railways by 1982, of which \$160m has already been advanced by the World

In many cities, central areas have been transformed into pedestrian-only districts, and at least one city, Curitiba, has introduced cycle lanes.

On the goods transport, Sr. Resende admitted recently that "highway transport predomi-nates in Brazil and will continue to do so for a long time." With regard to the efforts to increase rail traffic, he said that "it will be difficult for this form of transport to rise to more than 10 per cent of the total of cargo transported.'

The two major rail projects are the Iro nand Soya Railways The first, to be finished by 1984, will link Cascavel on the Paraguayan border to the port of Paranagua, and its object, as the name suggests, is primarily the transport of Sova and other agricultural products from the state of Parana and Mato Grosso do Sul

The second and dramatic project is the Iron Railway, running from the iron ore deposits in the state of Minas Gerais to the steelworks qustion of transport under of Volta Redonda in the state of review. The dominance of high- Rio de Janeiro. The railway will have two branches. One

night, and with some 80,000 km line will run to the port of Rio following year. cars on the road, a major switch Paule where it will serve the seen as an alternative to roads

> the Iron Railway since it was it was estimated that the final cost of the line would be \$3.6bn, much of which will have come from foreign loans such as the \$700m Sr. Resende obtained from his visit to the World Bank at the beginning of June after the work had been suspended in 1975.

Brazilian and imported coal.

Decision

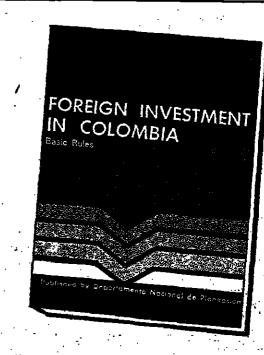
The new administration which came to power in March last year decided to finish the pro-ject on the grounds that 50 per cent of the earthwork had already been done and it would be wasteful to leave it incomplete. The line will start opera-tions with diesel trains in 1982, and with electric trains the

steciworks of Cosipa. On the is the waterways. This system return journey it will carry both is to be modernised, and the country's ports are to be im-Controversy has surrounded proved and new ports built A container terminal is to be

second biggest port after Buenos Aires. It is already responsible for the movement of 45 per cent of Brazil's exports. As containerisation becomes more common in Brazil, it

should increase the number of heavy lorries on the road from the present 7 per cent and help reduce fuel consumption, as well as providing a solution to the problem of varying gauges on the railways. Roads will remain the major

mode of transport in Brazil. Furthermore in Brazil, a country still in the phase of cononisation of much of its interior, roads play an added role. They open up the so-called "Agricultural Frontier."



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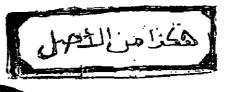
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COMPARATIVE BALANCE SHEET 1979 - 1978 - 1977

(in \$ Thousands)

	•				/ *** *	W	o un u			•			
 	·		·	1979	/411 /)l 	· ·	1978	·	·		1977	:
+ ^. -::.	ASSETS		N/C*	F/C**	Total		N/C*	F/C**	Total		N/C*	- F/C**	Total
	Cash and due from Banks Loans		688'192	435'382	1,123'574	7701010	39'453	57'451	96'904	486'689	29'192	54'545	83'737
	(-) Provision for Bad Debts Investments	1,068'041 (40'212)	1,027'829	247'893	1,2757722	770'210 (9'628)	760'582	545'406	1,305'988	(6'084)	480'605	286'684	767'289
	(-) Prov. for Security Fluctuations Gross Fix Assets	117'327 3'070	114°257	18'8 94	133'151	110'212	110'022	4'807	11'929	105'277	105'192	1'703	106'895
	(-) Depreciation Net Fix Assets Other Assets	9'775 1'724	8'05I 223'771	72'774	8'051 296'545	3'156 (1'576)	1'580 77'361	9'132	1'580 86'493	1'964 (1'608)	356 81'821	. 36'038	356 117'859
:	Sub total Contingent Assets		2,062 ¹ 00 1'018	774'943 540'236	2,837'043 541'254		988'998 328	616'896 1,127'248	1,605'894 1,127'576		697'166 149	378'970 768'566	1,076'136 768'715
٠.	TOTAL		2,063'118	1,315'179	3,378'297		989'326	1,744'144	2,733'470		697'315	1,147'536	1,844'851
	LIABILITIES Demand deposits Time deposits Indebtedness from Banks and Agents Savings Accounts Other Liabilities (-) Advance Compensations	94°291 (23)	1,111'836 262'007 496'318 272 94'268	56'554 409'001 132'154 177'169	1,218'390 671'008 628'472 272 271'437	44'506 (26)	327'591 237'905 350'923 179 44'480	71 766 109 552 401 257 34 321	399'351 347'457 752'180 179 78'801	46'751 (23)	192'935 223'154 281'374 58 46'728 11'469	42'983 61'643 242'030 58 32'314	235'918 284'797 460'404 58 79'042 11'469
	Capital and Reserves Revaluation Surplus Undivided profits Fiscal Year Net Profit		- 17'550 1'147 12'292 16'410	65	17'615 1'147 12'292 16'410		15'530 92 1'371 10'927		15 ' 530 92 1'371 10'927		34 4'414	· .	34 4'414
· :	<u>Sub total</u> Contingent Liabilities		2,062'100	774'943 540'236	2,837'043 541'254		988'998 328	616'896 1,127'2 4 8	1,605'894 1,127'576		697'166 149	378'970 768'566	1,076'136 768'715
	TOTAL		2,063'118	1,315'179	3,378'297		989'326	1,744	2,733'470		697'315	1,147'536	1,844'851
													

1 US\$ = S/. 230.00 - * National Currency - ** Foreign Currency

Banco de la Nacion has a status of juridical person of public right with its capital totally contributed by the State. Due to this particular condition it differs from other banks, but as far as its structure, types of operations and the possibility of being inspected by the "Superintendencia de Banca y Seguros" it is

On the other hand, the major volume of transactions is undertaken with the public sector, specially those related to the handling of the peruvian treasury accounts; the collection of taxes and fiscal revenues, the payment of the foreign external debt; the importation of food stuffs and armament adquisition. These activities -as can be noted - can not be entrusted to ordinary banks.

Banco de la Nación has expanded its operation in a parallel manner to the considerable development of transactions and the procurement of credit facilities.

The year 1979 is to be regarded as a successful one for Banco de la Nacion, because of the refinancing of US\$388'6 Petro-Peru's short-term debt. The Chairman of the Board and Executive President, Doctor Alvaro Meneses Díaz, has contributed decisively to the success of the negotiations.

As a consequence of this refinancing total obligations in foreign debt have been reduced but, on the other hand, Banco de la Nacion has increased considerably its loans in local currency with public enterprises such as Petroleos del Perú and EPSA and central government agencies. Likewise obligations of Banco de la Nacion with banks and correspondents abroad have declined, but it was not necessary to recover formal external credit lines in order to finance commercial trade.

Shortly after foreign commercial operations declined in 1978, as a result of the transfer to commercial banks of a considerable volume of public sector operations, Banco de la Nacion stands again in a competitive position within the banking community and is regaining former clients, thus improving its total

As a definite example of favorable results obtained, the indexes of liquidity and income of Banco de la to 0.6 o/o.

Finally, in comparison to 1978, Banco de la Nacion during 1979 expanded its operations from US\$2,733*, to US\$3,378', which denotes its remarkable output.

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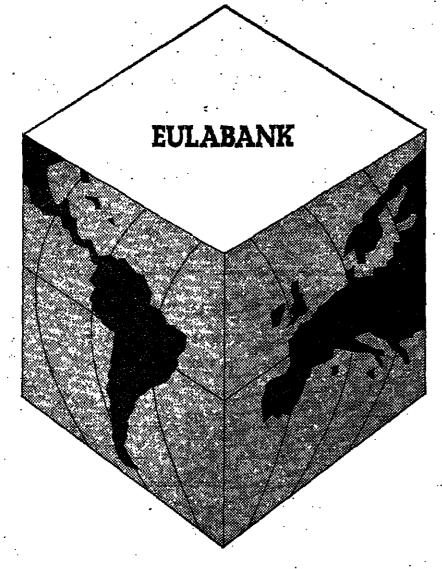
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Investors in cautious mood

against Chile, which wanted to

keep up production regardless of the market, largely to pro-

Yet the state agencies may have a crucial role to play in the raising of finance for new

projects, and the expansion of

Both bankers and senior min-

ing executives attest to the fact

that bank borrowing by the

mineral industry is becoming more difficult. A combination of

the high exposure of inter-

national banks in the Third World and the uncertainty of

financing less attractive. Instead of treating the project itself as security for loans — in the

sense that 29 internationa

banks did with a \$200m syndicated loan for Cuajone - banks are now seeking guarantees

But cost escalation has meant

that such guarantees for major

projects are outside the scope of most companies in the private sector. "With few poss-

ible exceptions, international

mining companies do not have

the resources to make open-

capital-intensive, high-risk in-

The banks prefer sovereign risk lending in Latin America,

explained a London banker.

This means a guarantee from

agencies can bring with them.

But there are complications. The credit rating of a particular

of the government itself and the

view the banks take of its

agencies come in.

metal prices has made project

Less attractive

tect jobs.

existing projects.

MINERALS

PAUL CHEESERIGHT

AMERICA has the greatest potential for development of any region in the Third World, declared Sr. Enrique Inglesias. executive secretary of the UN Economic Commission for Latin America. One of the reasons he cited to back up this judgment is its big

natural resources base. Certainly there is no shortage of minerals for exploitation. Large deposits await the influx of funds and expertise for their development, and wide tracts of the continent remain unexplored. Yet the prospects are uneven and the optimism which seemed prevalent in 1978-79 has given way to

which the relationship evolves between the international mining companies and host governments. Generalisations about a continent are dangerous, of course, but broadly speaking, the companies held back their latent interest in the

continent during the 1970s. their interests. Latin American countries were prominent in the movement among developing countries to wrest control and assert sovereignty over their natural resources, which reached its apogee during the early part of this decade.

Political risks

With the nationalisation of U.S. interests in Chile in the background, many companies held back—it was not that they doubted the wealth of the resources, it was simply that they were not prepared to take the political risks.

Their circumspection became more marked with the recession in the middle of the decade. With cash flows under pressure and costs escalating, there was little inclination to seek that balance of mutual advantage with Latin American governments which would have permitted a large flow of new in-

But by the end of the decade there was a deal more confi-The Latin American powerful bauxite exporter. countries, seemed to the companies to be more ready to reach a modus vivendi, to market Bolivia has traditionally encourage the inflow of capital been famous for its tin producfor development which their own limited finances would not in which it is produced, but it permit. The companies themselves, from the second half of 1978, were achieving progressively better financial results. The new mood was encapsulated at the end of last year by Mr. Alexander Sutulov. the executive director of the Mining and Metallurgical Research

Centre in Chile, speaking at an seeking protection from lower-Institution of Mining and Metal- priced foreign imports, because lurgy confrence in London. He it was coping with both recessaid Chile had the copper that sion in demand and higher the major consuming nations capital spending to would need and that if they environmental standards. Part wanted to share the benefits of of its concern was directed its extraction they would have to provide the capital.

With North American groups like Exxon, Falconbridge, Noranda, and St. Joe Minerals reaching agreements for new developments in the country. there was telling evidence of this new mood of confidence, at least in Chile, And, in Argentina, the passing of a new mining promotion law was further testimony that foreign participation would be actively

Yet: with the international economy seizing up with a new recession it is possible that the international companies will hold back from new commitments although they will doubt-less follow through existing projects. This year's deterioration in metal prices could in itself check new investment plans. At the same time it will make bank borrowing more

So the Latin American industry is delicately poised. But it is no fledgling to be tossed to and fro on the world's markets. In the first place the political Despite the uncertainties of the atmosphere seemed inimical to past 15 years or so, it remains past 15 years or so, it remains significant factor in the international minerals supply demand equation.

A dozen countries play roles in deciding just how the dustry," noted Mr. Barber. It is markets will move. Strong at this point that the state links have been built up this century with the major con-sumers in North America, Europe and Japan, while industrial development on the continent itself ensures a growing the government, and that is regional market. precisely what the state

Chile and Peru have for years been members of the Council of Copper Exporting Countries. Yet Chile is also a force on the world molybdenum market, and Peru is an important producer of lead, zinc and silver.

Mexico is the world's largest producer of silver, but also has well-developed output of lead, cadmium and fluorspar, Brazil has established itself as a major and growing mining area with internationally valued output of and tungsten. Exploration in the coutry has been active for some years and it is expected that Brazil will soon be a more

Guyana is already well-established on the world bauxite also has a major trade in antim-ony and tungsten. Venezuela is best known as

an oil producer, but has also developed as an iron ore ex-porter. In recent years, both Guatamala and the Dominican Republic have emerged as significant nickel exporters.

There is, however, one characteristic of the continental industry which offsets it from the mining sectors of the countries in the developed world. This is the high level of state participation, often through especially established

In Bolivia, for example, there is the Corporacion Minera de Bolivia (Comibol) and ENAF, a state smelting organisation. In Chile there is Codelco, in Panama there is Codemin. The state agency in Peru is Centromin. In Guyana it is Guyana Bauxite Mining Enterprise.

Adequate control

The reason for this level of official involvement is clear. It provides a means for a country to assert control over its own resources and to gain the profits from them. It is a tangible expression of the desire not to be held to ransom by foreign capital. The hasis of state involvement is ideological rather

than economic.

Yet the relationship between the state company and the private sector, whether local com-panies or those supported by overseas funds, can be uneasy. Private sector tin producers in Bolivia chafe under the obliga-tion to have a certain portion of their output smelted by ENAF, which holds its prices at international levels, thus eliminating any cost advantage for the mining companies in

local processing.

And foreign companies regard direct co-operation with the state mining sector with some suspicion, especially as far as foint ventures are concerned.

The fact is that the state officials and the foreign companies tend to operate according to different criteria.

"There may be great pressure on the Government officials who serve as directors of the enterprise to use their influence to accomplish social and political objectives unrelated to the engineering and financial requirements of the project." said Mr. Charles Earber, the 'chairman of Asarco, the U.S. copper major which is the biggest shareholder in Southern Peru Copper Corporation, the developer of one of the world's biggest copper mines at Cuajone.

And because the state agencies are seen not merely as a business but as a vital tool in the social and economic fabric of the country, they do not neces-sarily act in accordance with the immediate dictates of the

Thus, in 1976-77 the U.S. domestic copper industry was

KEY MINERALS % World Bolivia Brazil CADMITUM Brazil FLUORSPAR IRON ORE Brazil MANGANESE Brazil MERCURY MOLYBDENUM Dominican Republic 1.7 NICKEL Mexico Brazil Bolivia: Brazil **Bolivia** Brazil VANADIUM Chile

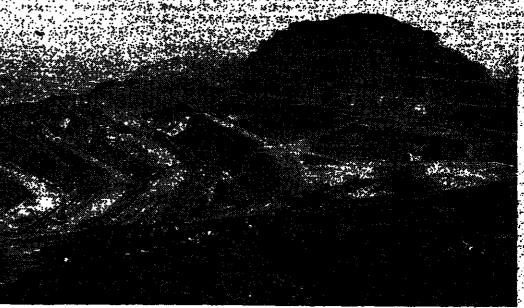
selves to lend money, he added. But Mexico is at the top of the banks preferences, while Bolivia, Salvador and Nicaragua; where the industry was recently state agency is linked to that nationalised, are at the bottom Banks in any case have to relate the project to the general

ZURCONTUM

economy of the country. They would be cautious about economic prospects.
It is difficult to establish an It is difficult to establish an would be cautious about agreed list of countries to which Panama where financing for banks prefer to lend, the Lon- the huge Cerro Colorado pro-don banker said. There are ject, in which Rio Tinto Zinc don banker said. There are numerous classifications and has just taken a share, could they change all the time. Four double the country's foreign relationship with foreign capital. years ago, Chile would have debt. Should the project go on a political level, the main found it hard to arrange funds wrong it could drag the whole problem facing the continents. for its mineral industry, but country down.

Canadian Export Development Corporation has agreed more than \$10n of loans for Cerro Colorado, and, generally, it seems that funds are more readily available from official institutions, especially where they are linked to the purchase of equipment from the lending

This readiness notwithstanding, there seems little doubt countries seek to work out a mineral-industry is financial.



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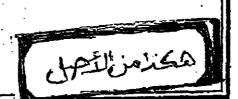
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LATIN AMERICA IX

Prospects for strong growth

MOTOR DUSTRY

KENNETH GOODING

JULIH AMERICA has already pawned one motor industry e top ten manufacturing n in prospects for other parts or the sub-continent to follow

Mexico, according to some observers, might well get involved in the same kind of special relationships with the U.S. motor industry which Canada already enjoys so that to all intents and purposes it would be treated as one more state. Mexico's oil, of great interest to the U.S., would provide the lubrication to set such a special relationship on its

Looking further ahead, a motor industry of some poten-tial is being set up by the Andean Pact countries with bases in Venezuela, Peru, Ecuador, Colombia and Bolivia. As these five draw closer together, so might Argentina and Brazil in spite of the historic differences between

me two countries. Argentina, Brazil and Mexico already have well-established motor industries making cars. and buses from local

Laer countries currently .: 410 with assembly operasome Jobs). These Lie Chile, Columbia, Lidor, Peru. Uruguay and careta. So far the motor Juliy has not made muchadway in Bolivia and Para-...y. countries which combine racely and sparse populations. as with other industries in maich products incorporate essively high technology, the Latin American motor industry was set up with the help of companies from the developed world. The U.S., European countries and Japan are all well represented - although. in typical fashion, the Japanese have preferred to ship out kits for assembly rather than use

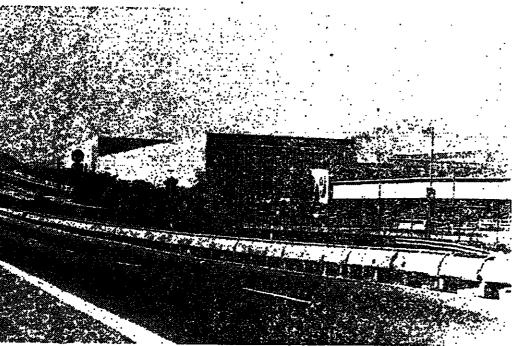
iocal components. Volkswagen of Germany is the dominant manufacturer in Latin America, with well-established interests in the three major markets: Brazil, Mexico and Argentina General Motors and Ford both have substantial perations in Brazil. Mexico and Venezuela. ord has other plants in Argen-a, as does GM in Columbia.

a or rival

GM now intent on catching with its major rival Ford in arkets outside the U.S., has Fen building up its interests in South America. Financial prob-Afth America. Financial probmade the journey to Argentina),
ems have forced Chrysler U.S.
Fiat has changed direction.

The state of the control of the subdiaries outside the U.S. This Peugeot-Citroen of France in iself off most of its sub-diaries outside the U.S. This righted GM, which acquired c Chrysler assets in Venezuela d Colombia during the past

or so. ølkswagen also helped itself t bigger slice of the South use these to build up its mercial vehicle business in



Volkswagen of Germany is the dominant car manufacturer in South America. Above: the Volkswagen factory on the outskirts of Sao Paulo, Brazil

MOTOR VEHICLE MARKETS

Peak market for individual countries from 1972-78

	Cars (000s)	CVs (000s)		
Argentina	220	75		
Brazil	822	170		
Chile	53	16		
Colombia	48	20		
Mexico	260	135		
.Peru	30	17		
Uruguay	4	2		
Venezuela	201	110		
Ecuador	. 7	29		
Others	43	75		
Total	1.688	649		

well represented by Scania and Volvo. Daimler-Benz has plants three countries, Argentina, Brazil and Venezuela, while other companies in South America include the three American truck concerns, Mack, ment if it was to be brought up White and International Har-

its plan to become a world-wide manufacturer, not only of ment changed the rules but it passenger cars but via its would probably have pulled out

In 1953 Fiat and VW reached an agreement about two of the left to VW. But in 1975 the agreement was ended when Fiat introduced a version of its 127—called the 147—to Brazil.

Faced with the prospect of retaliation by VW in Argentina, via production at the old Chrysler plant and through exports from Brazil (the first 5,000 Beetles have recently

Argentina and this arrangement could eventually be extended throughout South America. Between them Fiat and PSA account for roughly 35 per cent of the Argentinian vehicle marrican cake by taking ket and they plan to rational-ity control of Chrysler ise the product lines offered range in Brazil and Argenthere. The probable outcome The German group will will be for Flat to make small cars and the heavy trucks while PSA will contribute the medium-sized cars and some of the In the commercial vehicle lighter commercial vehicles. Rationalisation will extend to

the distribution systems of both technically-advanced than those companies but the marque will offered in the U.S. Europe or companies but the marque will retain their individual identities at the retain end of the business. The merger has been possible because the Argentinian Government last year began the process of dis-mantling some of the protec-tive barriers which had

Japan where such things as pol-

lution control and safety legis-

lation loom large in the

Brazil, for example, will not

be making VW's most-successful

car, the Golf, but has instead

introduced a front-wheel-drive

car of its own design to cope

with recent competition from Fiat's 147. The new VW do

Brazil car features a modified

version of the old air-cooled

engine which has powered the

And in this context it should be remembered that Brazil is

the only place in the world

designers' minds.

Beetle for so long.

hemmed in its motor industry. The high protective tariffs on imported cars are gradually being reduced. This encouraged VW to import Beetles to Argentina and PSA to close down its Citroen manufacturing unit and import instead (leaving a Peugeot car plant, however). Mergers, formerly forbidden, are now allowed.

As with all the South American countries with motor in-dustries, the prospect of "jam tomorrow" has attracted too many companies and profits are hard to come by.

General Motors actually pulled out of Argentina because its plant needed heavy investto date and the U.S. group could see no potential for making an Fiat of Italy also sees South adequate return even on the old America as an essential link in equipment. GM quit in 1978, before the Argentinian Government changed the rules but it

IVECO truck and bus offshoot. anyway.

In 1953 Fiat and VW reached Ford was therefore delighted to announce that it would eximportant South American mar-kets—Argentina would be Fiat's province and Brazil would be fift to VW. But it would be the five years from 1879. Nor provement plans: Renault of France has a \$100m project and Daimler-Benz will spend \$50m. The Fiat-PSA combine will import \$200m of equipment to update their facilities.

New attitudes

The changes in Argentina's attitude to the import of components, previously ruled out if any local producer was able to supply a similar item, is of prime interest to the commer-cial vehicle industry. VW, for example, foresees a big exchange of components and subassemblies between its recentlyacquired, ex-Chrysler plants in Argentina and Brazil.

Scania is already running its plants in the two countries in narmony. The plant at San Bernardo do Campo in Brazil supplies diesel engine sets for trucks made in both Argentina and Brazil while the new Tucuman facility in Argentina

provides the gearboxes.

The Brazilian Government promotes motor industry exports through the BEFIEX programme, launched in 1973, under the terms of which some companies committed them-selves to export targets. In return they were able to bring in equipment (mainly to improve their plants) on a dollarfor-dollar basis without paying the heavy duty it would other-

wise have attracted.

For example, Volkswagen, which dominates the Brazilian car industry with a 45 per cent market share, has said it will export \$1.5bn of products in the ten years from 1973.

It was not until 1978, however, that Brazil's motor indus-try began to make its presence strongly felt in international markets. Exports of cars (including kits) that year reached nearly 100,000. This pushed up foreign earnings for built-up vehicles from \$434m to \$657m and, when kits and other components were taken into account, the motor industry contributed \$1.6bn to the balanceof-payments. The Brazilian Government's "export or else" policy, coupled

"export or else" policy, coupled with the growing maturity of the local industry, is being put to good use by VW in its plans to become a world-wide manufacturer. VW do Brasil exports engines and gearboxes for the Passat to Germany and the U.S., and Golf engines to Germany.

Brazil is still a low-cost pro-Brazil is still a low-cost pro-duction centre—certainly when compared with Europe—and Daimler-Benz will feed truck kits to its U.S. factory, due on stream next year, from Brazil. And Scania's Brazilian plant supplies all the oil pumps for all the diesel engines made by

the group. It is components which are likely to provide the main impetus to Brazilian exports for the medium-term at least. In common with the other South American countries, the tively unsophisticated and less

plant and altogether the motor manufacturers there intend to spend \$1.1bn over the next four

General Motors has earmarked \$400m among other things for a new plant at Saltillo to build 1,800, four-cylinder engines a day by 1982. Chrysler's Mexican subsidiary-which is financially liquid and successful—has allocated \$200m for a facility at Monterrey with a capacity of 270,000 four-cylinder ngines a year.

Smaller cars

Both projects reflect the emphasis on smaller, more fuelefficient cars in Mexico, where the U.S. industry's designs have found wider acceptance than in other parts of Latin America, notably Argentina and Brazil

The form of the potential motor industry in the five Andean Pact countries has been becoming gradually clearer this year. The objective is for the five to share the driving force provided by the motor industry, even though demand is heavily concentrated in Venezuela which is expected to account for 200,000 of a potential market for 350,000 vehicles in the Andean Part countries by 1985.

Apart from local content objectives — 70 per cent by 1985 - the Andean Automotive Development Pro-Industry gramme originally envisaged would handle assembly in the five countries. On second thoughts the five countries did not like the idea of a duopoly. So each of them will have a couple of car assemblers and also two truck manufacturers.

So far the list looks like where production of the Beetle this: Ecuador has selected VW continues. There is assembly in and GM: Colombia has chosen Mexico, but from Brazilian- Renault: Peru, VW and Volvo, built kits. In Mexico, VW is and Venezuela, GM and Pegaso spending \$130m on a new engine

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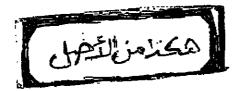
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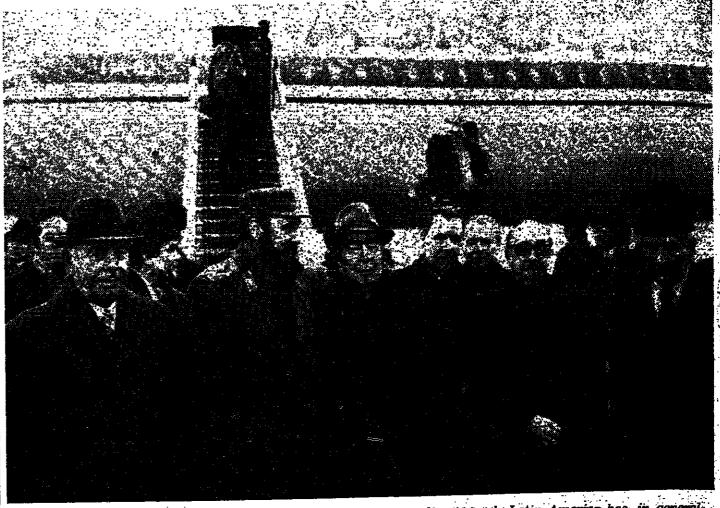
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LATIN AMERICA X



Behind the smokescreen of rhetoric and propaganda, Soviet policy towards Latin America has, in general, been cautious. Above: Cuba's president, Fidel astro, with Soviet leaders at Vnukovo Airport

Cuba: the bridgehead for Soviet influence

RELATIONS WITH THE USSR

ANTHONY ROBINSON

several great advantages in its imperialism gave cause for relations with Latin America. reflection. THE SOVIET UNION has Distance is undoubtedly one of them. Latin America is far away from the huge Russian landmass whose military stretching from Norway, around the borders of the Middle East

and across Asia. The U.S. is the super-power which broods over this part of the world and the Soviet Union benefits from its status as a super-power rival to U.S. power and influence. Soviet condemnation of economic exploitation by "the multinationals" and of political interference by "the CIA" also falls on receptive ears in many parts of a region afflicted by vast social and economic inequalities and re-

pressive regimes. Behind the smokescreen of rhetoric and propaganda, however, Soviet policy towards the area has in general been cautious. Its main bridgehead in the region is undoubtedly Cuba. But in recent years Soviet economic assistance to the Castro regime has been costing the Soviet Union over 83bn annually and it is not anxious to add to the list of client states in an area so far from the Soviet Union and its

East European allies. This is not to say that the Soviet investment in Cuba has not been a profitable one for Soviet Union in the wider political context. The presence of a Soviet-backed, communist regime 90 miles from Florida has been a permanent irritant to the U.S.

It has also exercised a powerful pole of attraction for left-wing leaders in Jamaica and elsewhere in the Caribbean and Central America. The New Jewel movement in Grenada and the Sandinistas in Nicaragua have both received inspiration from the Cuban example and are currently receiving both Cuban and Soviet economic and technical assistance.

Further abroad Cuban military forces have acted as effective surrogates for Soviet power in Angola, Mozambique and the Horn of Africa.

Active role

What is more, over the last decade, Cuba steadily increased its influence in the Third World generally through its active role within the non-aligned movement. This influence reached its highest point last September when Fidel Castro played host to the non-aligned summit meeting in Havana. There he sought to shift the axis of the movement in a pro-Soviet direction by forcefully propagating the view that the Soviet Union was "the natural ally" of the developing world.

Since then, however, Cuba's internal economic and political situation has deteriorated sharply. Crop-failures and the admittance of grave errors of economic policy coupled with growing dissatisfaction over low living standards culminated in the mass exodus of more than 100,000 Cubans from the island. Like the exodus of Vietnamese "boat people." this public spectacle of Cubans "voting spectacle of Cubans with their feet " has dealt a major blow at the prestige of the Soziet-backed regime.

Afghanistan degree of Third World and Moslem hostility to the Soviet Cuban claim that the Soviet Union was the "natural ally" of the Third World. In region long accustomed to example of Soviet

Although Cuba is the mos bridgehead for Soviet influence in Latin America, it is certainly totalitarian not the only one. In general methods make it a force to be terms the Soviet Union tends to Americans, especially men like National

> Eastern Europe. Americans are hegomonistic power in the region. But they also realise that any weakening of U.S. political and economic influence in the region is an important factor in the global competition in which the two super-powers are engaged. They are helped by the fact that anti-Americanism is as widespread and automatic in Latin America as anti-Soviet feeling is to many the peoples of

Aid projects

Zbigniew

In practical terms, however, there is not a lot which the already economic hard-pressed Soviet Union can do to increase its economic presence in the area. According to CIA statistics. Latin America. apart from Cuba, received less than \$1bn in Soviet aid in the 1954/ 1978 period out of total Soviet aid of around \$17bn.
At present, the largest aid

effort appears to be concentrated on Peru where the Soviet Union recently signed a \$300m contract for the supply of plant, equipment and tech nical aid for the \$1.2bn Olmos hydro-electric scheme. authorities recently ment of their continuing sup-port for the scheme, even right-wing forces enjoyed a big victory in the recent general elections.

Meanwhile, Soviet trade with the region is limited. This is partly because the Soviet Union is itself a major producer of many of the raw materials produced in and exported from the region. But, when it comes to economic matters, the Russians have demonstrated on several occasions that faced with a conflict between ideological consistency and Soviet national interest the latter wins every

time.
This was demonstrated towards the end of the Allende Government in Chile, when the Soviet Union was long on verbal and propaganda support but short on practical, economic and financial assistance. It has also systematically declined to criticise the repressive policies of Argentina's military regime.

Cynics assume that this is connected with the fact that Argentina has become a major exporter of both grain and meat to the Soviet Union. Argentina's current willingness to help make good the grain shortfall caused by the U.S. grain embargo has increased the importance of good Soviet-Argentine relations. In 1978, Argentina exported goods worth. In 1980 exports are expected to approach \$3bn and the Soviet Union is trying to step up its own exports plant, machinery and arms if

The Soviet Union is also economic grouping, Comec interested in closer ties with Up to now, however, trade with major powers in the region. Brazil needs to diversify its a good potential customer. In 1978 Brazilian exports rose sharply to \$1.7bn, while imports were a mere \$160m. Mexico's new found oil-wealth is of particular interest to the Soviet

Union's East European allies who are desperately looking around for non-Soviet sources of oil in return for industrial plant and technical assistance. Mexico has long had observer status in the Communist bloc ground rules.

Brazil and Mexico, the other Comecon has not developed as fast as expected. This could change over the next few years. exports and the Soviet Union is. Latin America's desire to diversify its trade and commercial links so as to reduce its dependence on the United States has already led to greater links between the region and western Europe. extended to the Soviet Union and Eastern Europe over the next decade, provided that commercial rather than ideological considerations

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Brazil	3,728	1,328	2,400	9,100	4,579	4.521	11.8	16.7	8.2	20	11	36	-	_	-
Mexico		1,364	423	4,800	3,200	1.600	13.1	11.2	18.1	10	12	30 6	24 13	21 14	29 10
Colombia	728	627	101	1,200	648		6.4	0.4	23.6	4	 	2	3	3	4
Chile	963	879	. 84	400	174	226	-10.4	-18.3	13.2	5	7	1	1	1	1
Peru	782	660	122	1,700	1,221	479	10.2	8.0	18.6	4	6	. 2	4	6	3
Venezuela	3,495	2, 555	940	4,000	1,873	2,127	1.7	-3.8	10.7	19	22	14	11	8	14
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. countries;		279	136	1,340	934	406	12.7	11.9	14.6	3	3	2	4	4	3
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other developing countries of the American		1,713	1.486	9,875	5.707	4.168	15.1	16,2	13.8	17	16	90			
		<u> </u>	<u>;</u>				Y0.1	10.0	19.6	11	. 15	22	26	26	27
otal developing America	18,449	11,777	6,672	37,625	22,1b1	15,524	9.3	8.2	11.1	100	100	100	100	100	100

Sources: OECD-DAC, Stock of private direct investments by DAC countries in developing countries (end 1967), Paris, 1872; OECD, Development Cooperation, 1977 Review; United States, Department of Commerce, Survey of Current Business, August, 1972. * Includes Costa Rica, El Salvador, Guatemala, Honduras and Nicara gua. † Includes Bolivia, Ecuador, Paraguay, Uruguay, Haiti and the Dominican Republic.

Steady increase in EEC trading interests

EUROPEAN AND U.S. LINKS

HUGH O'SHAUGHNESSY

Our Latin America Correspondent

America has looked with a mixture of wonder and apprehenaion at its principal northern neighbour. Since the Second World War, when the U.S. finally displaced Britain as the major influence in the region and became one of the two super-powers, the sentiments of wonder and apprehension have been re-doubled

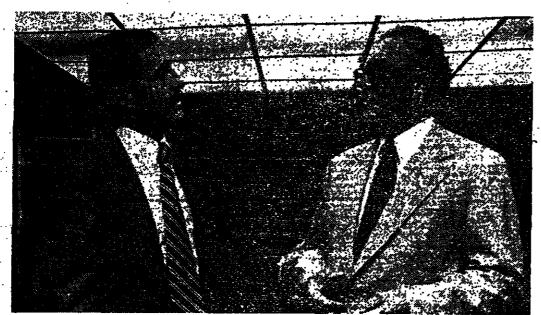
Many Latin Americans have been unhappy that the U.S. should not only be one of the region's very biggest trade partners, but also a powerful military power in the area, well-entrenched around the Panama Canal, and politically active supporting and dismissing Latin American governments seemingly at will.

Thus, when the countries of Western Europe began to construct a new economic grouping which looked as if it would be able to counterbalance what many Latin Americans felt was the excessive influence of the U.S. in their affairs the develop-

in the region is however, going for example, the EEC is the on at a slower pace than the proment was welcomed. Europeans in Latin America would wish The U.S. position while not as all pervasive as it was immediatey after the Second World War is still very

Statistics

The trade of the U.S. with the region is still considerably greater than that of the EEC and, although European—and especially West German—investment is growing the US. stock of investments in Latin America is still larger than anyone else's.
The latest OECD statistics show, for instance that EEC exports to Latin America last year were running at a monthly average of \$1,198m and imports from the region at \$1,332m. The corresponding figures for U.S. exports and imports were bean sub-region which are \$2,188m and \$2,068m. members of the British Com-



Sr. José Andres de Oteyza, Mexico's Minister of National Patrimony and Industrial Development (left), with European Economic Community Commissioner. Wilhelm Haferkamp in discussion after a meeting to increase trade between Mexico and the EEC

explicit political commitment in

this respect, has led to a

weakening of the dialogue between the two regions, initiated in 1971, and the search

for a collective instrument of

co-operation with the EEC has

been checked."

A summary analysis shows monwealth-is not one of the yet have a profound effect on that the pattern of trade involves Latin America using the money it traditionally earnt through selling its raw materials in Europe to buy manufactured goods in the U.S.

The overall position of dominance by U.S. traders in the area does not mean that the EEC has not been making inroads in Latin America and

The trading situation is closely paralleled by the investment picture, where European investment for a decade has been growing faster than U.S. investment. Europe's decision, however,

concentrate on its own internal problems and, in international affairs, on its relation-ships with the U.S., and to a lesser extent, Comecon among the more developed countries and, in the developing world, the former colonial territories of the member states has led to Latin America receiving less attention than if felt it merited. In 1977, the UN Economic Commission for Latin America (CEPAL) - remarked in its report that: "The fact that Latin America-with the exception of countries of the Carib-

members of the British Com-

Since those words were wraten there has been some-thing of a revival of interest in Latin America by the EEC. Up to date, trade and co-operation agreements were signed last year with Mexico and Brazil in the course of visits by the European commissioner for external affairs, Herr Wilhelm Haferkamp. But Latin America still has to work out

the global agreement between

the two regions which it says

it wants. In the sphere of trade, the Latin Americans continue to complain about the fact that the Common Agricultural Policy restricts their access to the market for temperate farm products and Brussels' bilateral deals with also limits the access of farm products that the Community does not grow for itself.

European spokesmen reply despite restrictions, the EEC constitutes one of the most buoyant of Latin America's markets. They cite the case of the increased trade in

by 125 per cent. Latin American produce grew by 135 per cent compared to 88 per cent the products of the trade unionists in Germany. countries who were signatories of the Lome convention.

The Europeans have for some years been emphasising the America was to be found in the interest they have in increasing their purchases of the of Latin American and Euroregion's minerals. French companies have been particularly assiduous in bidding for supplies of uranium, from Guyana to Ecuador. European companies have too taken their recently. place in the rush to develop the oil and gas potential of region which had been neglected until the fuel crisis spurred new exploration efforts onshore and offshore.

But while Latin America's economic relationship with the Department lost no time in try-U.S. and the EEC has been slow to change an upsurge in European interest in the politi-

est comes in the region

EEC's top priorities, and hence the pattern of government in that the Community has not the region.

This recent upsurge in political interest could conveniently be said to have started in 1973 with the overthrow of President Salvador Allende in Chile. The coup of that year had a particular effect on the powerful European trade union movement, not least in Italy where political parallels with the situation in Chile were quickly drawn.

Chile, After Uruguay and Argentina also had an effect on European public opinion and activists even in conservative European parties began pressing for a greater European political involvement in countries where human rights violations were most flagrant.

Political interest

Events in Central America have continued to keep Euro-pean political interest alive. The overthrow of the Samoza regime in Nicaragua and the emergence Mediterranean and producers of of a pluralistic left-wing tropical goods in ACP countries administration in its stead seems to have given the chancellories of Europe much less cause for alarm than it has given the State. Department.
Nor is the fall

Salvadorean junta and its replacement with a more left-wing government viewed in Europe with the concern that surrounds the thought in Wasihngton. Between 1970 and 1978, the Earlier this month, a delegation EEC purchases of bananas grew from the anti-junta forces which toured Europe reported that it had received pledges of support from the Christian Democratic

> A good indication of the grow ing strength of European political involvement ln Latin resolutions agreed by a number pean socialist and social democratic parties which met under the charmainship of former German Chancellor Brandt in Santo Domingo,

> Their attitude was one of support for the Nicaraguan Sandinistas, the Manley Government in Jamaica and many other political movements which are generally viewed with deep-suspicion in the U.S. The State ing to counter these initiatives. It is doubtful, however, if any "S government will be able

NESS IN H AMERICA



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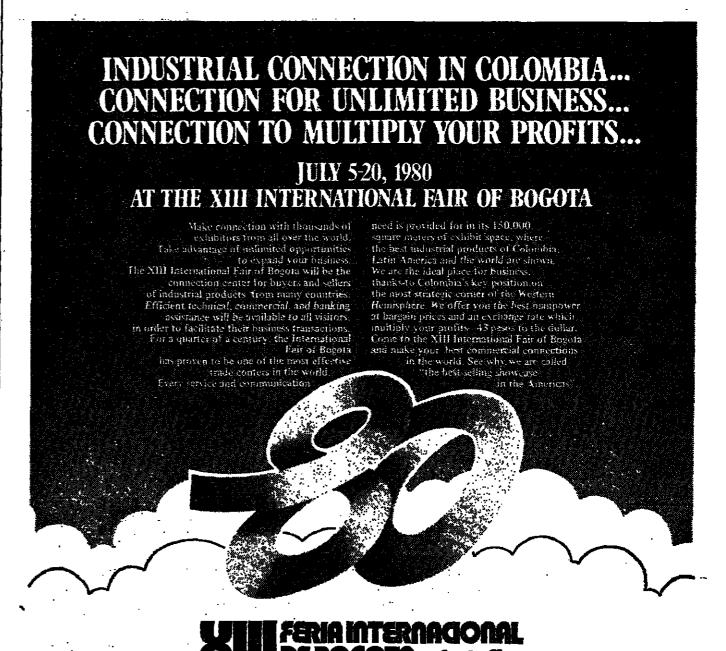
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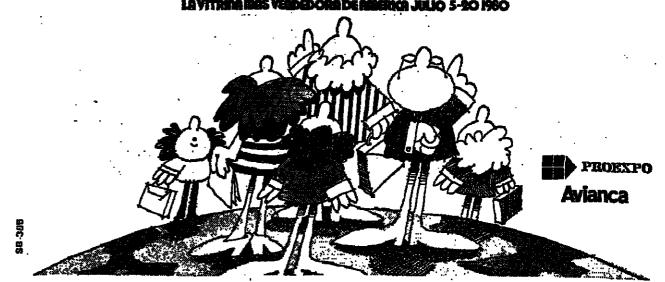
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Situation demands more monetary co-operation

BANKING

WILLIAM CHISLETT

situation in Latin America is enforcing the need for greater monetary co-operation. Many the weaker countries are hard-pressed to weather alone the gathering storm clouds in the form of rising oil prices which are substantially pushing up their current account deficits and the recession in the industrialised nations, which is limiting export markets.
United, there is a better chance for the weaker countries.

A report on the feasibility of global payments arrangements among developing countries, prepared for UNCTAD, by the Centre for Latin American Monetary Studies (CEMLA), comments: "The recent extensions of the comments of the commen sion of monetary co-operation among developing countries is. basically, the result of a sound understanding by the countries concerned that their own national interests are best protected by entering into special arrangements with others with the same interests, rather than facing themselves the creasingly complex world international finance."

A catalyst

The report was prepared by Sr. Jorge Gonzalez del Valle, the head of CEMLA, which has acted as the catalyst for in-there is no element of cheap creased economic co-operation on the continent From CEMLA founded 28 years ago, have sprung the regional and sub-regional organisations which today exist for a variety of forms of co-operation.

Apart from CEMLA, which brings together the heads of the central banks of 26 countries. as well as Spain, there are the following informal organisations: the Latin American Free Trade Associations' Monetary Council (LAFTA), and the American Monetary Council (excluding Panama).

More specifically, there are three mechanisms for clearing nouse arrangements—LAFTA's. which also includes the central bank of the Dominican Repub-lic: the Central American Clearing House and the Caribbean Community Multilateral Clearing Facility—and also multilateral arrangements to help balance of payments problems, LAFTA has American Stabilisation Fund and, most recently, the Andean Pact countries have established a reserve fund.

There is also an "occasional mechanism" which aids countries with balance of payments problems but unlike the other three arrangements it acts on a regional basis and participation in it is voluntary. CEMLA

offectively handles this mecha-

And last year the Latin American Export Bank (BLA-DEX) was established in Panama. The bank which has reduced countries dependence upon seeking credit from foreign banks to finance exports, has a capital of \$99m. Of \$33m is from central banks, \$33m from private and State commercial banks and \$33m from foreign commercial banks.

Given this wide spectrum of organisations. Latin America would appear to be well integrated and able to come to the rescue of each other in times of crises.

For example, after last July's defeat of General Somoza, the Nicaraguan dictator, by the Sandinista guerrillas, the mechanism occasional quickly came up with funds to

help the war-shattered economy. A telex went out from CEMLA to all the central banks and, within 48 hours, 22 banks, including the Banco de España. had put together a \$40m loan for Nicaragua. Banks withdrew from their reserves in accordance with the quota they have with the IMF - so the stronger countries, like Mexico, loaned

After Hurricane David ripped through the Dominican Republic last September, causing an estimated S1bn worth of damage, the same organisation made

a \$70m loan to the country. The loans are made at the norma! commercial rates so But the speed with money. which the loans can be put together is an important factor. Unlike many other insututions, there are no bureaucratic or political delays; a vital ingredient when a country's economy is on the rocks.

This particular mechanism has granted about \$200m in loans in the past seven years. natural

sidering the political differences which now exist in the troubled

businessman who walked into deposits, several private banks in Costs. Putting Rica with a suitease containing half a million quetzales (\$500,000), and how he was unable to change it into dollars. The Costa Rican-banks reported.

informed its counterpart in functionals. Many others, however, slip through the net.

Although the Central American Common Market is not become the country of the country working very well - Honduras and El Salvador broke off diplomatic and trade relations after their 1969 "football" war nevertheless, this has not affected the workings of the

Exchange rates

clearing house system.

The respective currencies in Central America have, apart from a 42 per cent devaluation in Nicaragua, in 1979, under Gen. Somoza, generally held their exchange rate with the dollar for over two decades. This has enabled national currencies and not the dollar, to be used in the elearning house arrangements. Whereas in the Latin American Free Trade Association, the dollar is used in the clearing house system because of the widely fluctuating exchange rates.

The best co-operation exists among the Andean Pact countries—Belivia, Colombia, Ecuador, Peru and Venezuela—whose representatives visited Madrid in April to express their joint concern that Spain's entry into the EEC might have a negative effect on their flow of trade with

the mother country. in 1978, the countries formed the Andean reserve fund to help out with balance of payments difficulties. The problem is considered from the "global" point of view and not from one pact member's position in its

trade with another member. At the same time, that there

In April, Argentina's central continent - has engendered a bank took over control of three sense that everyone's interests of the country's largest private

CEMEA likes to quote the Internacional which together example of the Guatemalan accounted for 12 per cent of total

Putting the banks under the control of Covernment trustees came shortly after the central bank liquidated the Banco de able to change it into dollars. Intercambio. Regional. the The Costa Rican-banks reported second largest private bank, the matter to the country's cen- which, in turn, followed the collapse of Promour, Argenting's account largest finance company. The collapse of Promour caused a run on the country's banks. The Argen-tinian central bank has laid out about \$1.70n in the past year in shoring up 100 financial

> In-sharp contrast, the private banking system in rapidly growing oil-rich Mexico, the most dynamic economy on the continent at the moment, is flexing its muscles by strengthening both its domestic

and foreign presence. Private Mexican banks had an exceptionally good year in 1979 and the 45 per cent devaluation of the peso in August, 1976, is now no more than a horrid memory. The four largest banks—Bancomer, Banamex, Banco Serfin, and Multibanco Comermex which increased their profits by more than 50 per cent last year, now have offices in Los Angeles and/or New York, Banamez, Multibanco

Comerciaex and Bancomer opened in London in 1979.
In the last three years, private Mexican banks have become much more streamlined and aggressive in order to cope with the demands of the country's economic boom. Until 1977. Mexican banks offered only one type of service but now, with a reform in the banking law, most banks offer different services as ther have merged to form "multiple" banks.

The banks have also become more competitive as a result of a change in the way the Banco de Mexico, the central bank, fixes the deposit interest

rates The Government's inability to is increasing co-operation among keep inflation below the 20 per central banks, central banks cent mark (it will probably be lisasters. themselves are playing a more 25 per cent this year) has led. The spirit of economic help active role in monitoring the to a resurgence of "dollarisa-remarkable, at times, con-health of their respective tion" (deposits in dollars instead of pesos) and kept interest rates central bank in order to stem "dollarisation" and enare best served by pursuing the banks—the Banco de Los Andes, courage peso savings, revised cooperation as fully as possible. the Banco Oddone and the Banco the pess deposit rates upwards.

BALANCE ON CURRENT ACCOUNT AND NET CAPITAL INFLOW

			curent 20			Vet capital		
	1970 -	1975	1977	1978*	1978	1975	1977	· 1978
Latin America	-3 103	-14 046	-10,361	-14 622	4 669	15 011	14 694	77 563
Oil-exporting countries	-272	2 047	-2 362	-5 934	358	1041	2 795	3 368
Non-oil-exporti	ng -2 831	-16 693	-7 299	-9 588	4 302	13-979	11 889	18 015
Preliminary f	igures					Source: CEL	IDE, Belatin D)emográfico

Tensions are increasing

THE CHURCH

HUGH O'SHAUGHNESSY Our Latin America Correspondent

Christopher Columbus ordered done when he made his landfall in the western hemisphere in 1492 was the saying of mass.

The chaplains he brought with him on his voyage from Palos de Moguer were there to bear witness to the fact that King Ferdinand and Queen Isabella had, in backing his venture the double aim of conquer-ing lands for Christ and for

As politicians, the soveigns were as interested in the power and prestige that the spread of Roman Catholicism to new lands would bring them in Europe as they were in the economic profits to be reaped from lands they quickly realised were not the Indies or Cathay. but new territory to be called America.

This dual aim rapidly proroked a crisis among the Spanish subjects who flocked to the new lands. Spanish entrepreneurs saw America as a land to be phundered and its inhabitants as being to be put to work on lands the Europeans had made their own,

It was not without difficulty that the clergy were able to get these "Indians" classified as humans with inalienable rights. sions between the economic and the religious powers in the region are still strong. Indeed, for more than a decade they have been getting stronger. The church which claims the nominal allegiance of the vast majority of the population has been rediscovering a role as a protector of the less privileged and laying less emphasis on the

between Church and the estab- American Church from being lished order are coming at a one of the most backward and lished order are coming at a time of rapid and radical change in the Church itself.

From the 1940s and the time of Pope Pius XII the Church leaders have been conscious of the erosion of the relationship between the formal Church and the mass of the people.

The conservative political

attiudes assumed by the hierarchies of the Church in the different countries at a time when the need for social change was obvious the lack of a native clergy to take over the job of evangelisation from foreign priests and bishops, the growing activities of rich and energetic non-Catholic missionaries from the U.S. and elsewhere were all seen as factors draining the strength of

It took the Church several more decades, until the adventof Pope John XXIII and the convocation of the Second Vatican Council, to tackle the renovation on a worldwide basis. The Latin American Church held its own regional gathering at Medellin in 1968 and the documents from that meeting set the course for a renewal in every sphere of the Church's activity...

Liberation

Theologically, more rein was given to the so called "theology of liberation," which committed the Church to a more activist

stance against social injustice. Organisationally, the myth that the territory could neatly be divided into parishes was abandoned and the idea of basic Christian communities — first evolved in Brazil under the name of "comunidades de base "-gained currency-Acceptance grew of the con-

privileged of the region were encouraged to seek their rights function it was happy to carry and not remain positiones out for long periods, that of a midst of their misformore.

The moverful effects of

ill-regarded parts of the Catholic world to being in the very vanguard.

The Vatican suddenly that the Latin Americans had transformed needed couragement and support to a force in the church which often. needed its attitudes moderat-

When the Latins gathered last year, 11 years later, at Puebla de los Angeles, an ancient city to the east of the Mexican capital, the newly-installed Pope John Paul II delivered a message of modera-

orthodox church in Latin America, he said, but one which while not actively involved in day-to-day politics. was promoting the social changes needed.

Each active member of the church in Latin America has. interpreted that message in his ing instance of this was reported in a recent edition of the British Catholic weekly The

The present bloody situation in El Salvador and the recent Right of Mar. Oscar Romero, Archbishop of San Salvador, prompted 17 priests in Panama to write to Bishop José Eduardo Alvarez of San Miguel in El.

cerned by his action in retaining a colonelcy in the Salva expressed surprise that with dorean army at a time when the such restriction on free expres-army was being particularly such in Chile it had been so easy repressive, his lack of support to vility the church.
for Archbishop Romers, and his Soon, the results of the first

funeral.

They went on to suggest that country, Brazil, should be show he should either make amonds ing themselves.

Or resign having considered his Country so shortly after Pope

moment to re-read the opening address of our Holy Father Pope John Paul II during the third general assembly of Latin American Bishops which took place in Puebla."

. The exchange showed a number of facets of the Latin American church today, including the continuing attachment of conservative bishops to regimes which have been widely condemned as extreme and reactionary, even to the extent of boycotting the burial of a

murdered colleague. It also showed the growth what formerly would have been called "insubordination" by called "insubordination" by junior clergy and the fact that both sides felt they were on solid ground by quoting the words of Pope John Paul in Puebla.

A happier and more united picture of the church is also chronicled in the same magazine which reports on the Chilean bishops' united protest against "the systematic camor her own way. An illuminat- paigns in certain organs of the Press, radio and television against the church, its institutions and its pastors." The Chilean bishops tacitly

and delicately left it to be understood that the Pinochet Government, which has been highly embatrassed by the church's action in recent years and which exercises an iron control ever the media, must be beid ultimately responsible for

the compaigns. While not blaming the Pinochet Government directly, they

for Archershop comern and are visit by any reigning Pope to the Archbishop's visit by any reigning Pope to funeral.

or resign, having considered his toward so shortly after Pope position in the light of the John Paula visit to the Domini-Medellin and Puebla documents; can Republic and Mexico last Mgr. Alvarez having thanked year, it illustrates the central the 17-for their letter, can position the region is playing in tented himself with the remark: the development of the Catholic increasing tensions Medellin transformed the Latin "It is sufficient for me at this church.



Indian women and children in the Andes. There are signs that many groups among Latin America's 30m Indians are fighting a winning battle for their rights

Indigenous groups press for their rights

INDIANS

Cuito Corresponder

NEARLY five centuries 30m Indians in Latin x; fervour and relentless cion have decimated cultures, but all over the nent indigenous groups are pressing for their rights forcing governments to take ne ce of them.

Although most people ate Latin American Indians skazon tribes, majority live in the Andes mountains and the uplands of mexico and Guatemala.

They are the survivors of rich evilisations that covered large areas — the Inca empire complex social and organisations. and the Indians ate

echua is still spoken by more than 10m people in the ndes and in some areas of 'n America co-operative nur and landholdings have

erilived the hacienda (ranch) tem imposed by the januards. Building houses, cutfing paths or digging irrigation chals are often jobs for the whole community, with the regetically as the men, and beral helpings of chicha (maize beer) lightening the

cocial pyramid

Although countries such as exico value their pre-ciombian heritage, everywhere ve is the word "indio" that Peru and Bolivia it has been in ally abolished, and Indians

h shest rates of illiteracy Signaturation are found le ind an population, to been used as a ince the first of the property in the

if the early drive to convert Indians to the Catholic faith has given way more recently to the urgency for "integration." there is little difference as far indian is concerned. His sace, culture and language have necn denigrated by both mis-sionaries and Government officials slike, not to speak of raders and colonists.

For many the way out is to out on Western clothing and prove up to the ranks of the "mestizes" or "ladines"—the theoretically a racial distinction. hut in practice a matter of FUNAI, and the foundation's



land Indian groups are smaller widely scattered the plains of Latin America.

pushed farther and farther back into the most inaccessible areas of and timber projects. continent, though nearly are now in permanent contact with the outside world. The fragility of their isolated semi-nomadic existence has made them most vulnerable to land hungry settlers and imported diseases; where high-land cultures are modified by foreign influence, lowland tribes are frequently wiped out.

The number of Brazilian is thought to have dropped from about 1m at the turn of this century to 180,000 in 1979, but estimates of Indian populations—especially Amazon groups—are notoriously unreliable. Recent casualties include the Xeta, who were he Indian is at the bottom of pushed off their lands in north the social pyramid. So perjora- west Parana by coffee growing west Parana by coffee growing co'onists. Less than 10 Xeta now remain, living at government Indian posts. The Kreen Akarore have been reduced to 30 as a result of the passage of one of Brazil's great Amazon the Cuiaba-Santarém

highway, through their territory. All told, nearly 100 Brazilian tribes have disappeared over the last 80 years.
Although Brazil has few Indians compared with many other countries its integration policies have attracted a great deal of criticism. The confrontation between the relatively helpless indigenous groups and

the driving machinery of pro-gress has been dramatic: likewise the scandals surrounding the Indian Protection Service.

Members of the service were beid responsible for murder, torture and the theft of Indian lands,:

. It was replaced by the National Indian Foundation, stides; language and attitudes. president made it clear from the In contrast with the relatively start that the Indian would not

dense highland population, low- be allowed to stand in the way growth.

Sure enough, Indian reserves through the jungles and across have been dismembered almost as fast as they have been created, to make way for cattle ranches mineral

> Indian groups are beginning to make their own demands now. The tribes living in the Xingu Park have united on some issues, and there have been regional and national meetings of Indian leaders resulting in agreements on the defence of their lands.

> The small size Brazilian groups, the huge distances and the diversity of languages spoken make joint action difficult, but their efforts to call attention to their problems and find their own solutions are part of a pattern emerging throughout the region.

The trend was reinforced by a well-publicised declaration made in Barbados in 1971 by a select group of anthropologists, which said that Governments religious missions and social scientists must stop their aggression and contribute to the process of Indian liberation "guaranteeing to all the Indian populations by virtue of their ethnic distinction, the right to be and remain themselves, liv-ing according to their own customs and moral order, free

to develop their own culture."
Since 1971 there have been several international meetings of Indian groups, some of them serious work sessions producing results, others more folkloric At the second occasions. meeting in 1978 leaders from 11 Barbados Indian leaders countries American anthropologists to discuss Indian organisation and strategies for liberation. From this it became clear that the fundamental issue for all groups, highland and lowland, is land.

Little effect

Agrarian reform programmes have done little to distribute land, and the highland Indian cratches a living from a hillside plot exhausted by intensive generations

The problems of Indian and mestizo peasant are so similar in highland regions that many organisations unite the two, and poncho-clad Indians waving placards are a common sight in treet demonstrations.

But in the lowlands, the nvading colonist is usually the mmediate — better armed enemy. He is awarded legal title to land the Indians have always thought of as their own, and razes the forest they value

for its resources. Government Indian agencies have proved to be weak, poorly bia, has been torn apart by funded, paternalist organisa avenging landowners and militions, and have done little tary repression. lowards resolving the land auestion. countries Indian reserves have certainly not as black as it was been marked out in lowland even 10 years ago, and there areas, but, apart from the fact are signs that many groups are that their boundaries are extraordinarily elastic, they rarely than becallow for future population progress.

Peru and Ecuador are succeeding in obtaining titles to community lands, and their example leadership of the Ecuadorean Shuar Federati ing others.

Perhaps nothing has done us as much harm as paternalism, waiting ingenuously for solutions to come from outside and from above," say the Indians of Bolivia in the declaration of Tiahuanaco.

Legal tangles

Many groups have found themselves tied into bureaucratic tangles by lawyers and Indian affairs departments, as struggling to cope with the environment of a big city and a foreign language, they are constantly told to "come back tomorrow" with another document

More sophisticated isations now have delegates permanently based in capitals, not only to put pressure on also to drum up financial sup-port for special projects and ensure that the media receive their version of any confrontation with colonists or the

Land is the key to physical survival, and education is a prerequisite for cultural survival according to most groups. Several Governments, including according Ecuador and Peru, encourage bi-lingual actively literacy programmes and the training of Indian teachers.

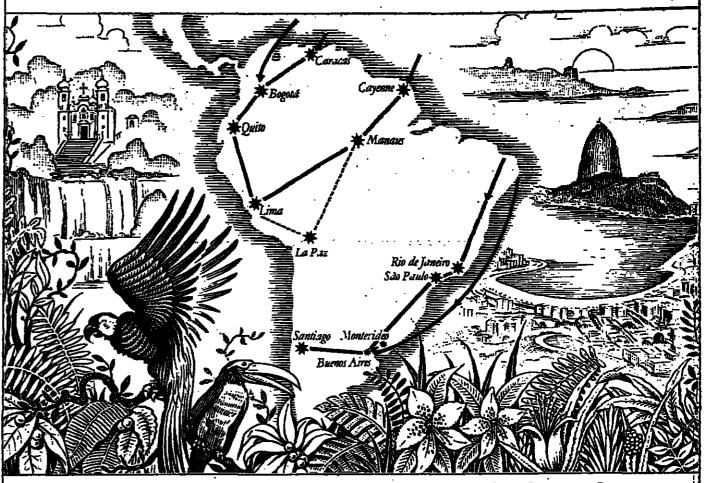
Anthropologists and artists have also contributed to a growing awareness of the richness of the Indian cultures, without turning groups into freakish tourist attractions. The Indians themselves are increasingly wary of outsiders who want to run their lives, whether to obtain votes or for more romantic reasons. We know we have rights.

and they are what we are demanding," says a statement signed by several of Venezuela's Amazon groups. It reflects a growing determination to fight for treatment on equal terms. If others can get Government loans for growing cocoa, so should Indians. If others have doctors and health programmes, Indians should have them too, and if the Government pays oil or mineral royalties to other groups, why not to Indians?

Organisation is the answer and a unified regional Indian federation is the long-term objective, states the second Barbados declaration. Obviously this is easier to achieve in some countries than others. The Cauca Indian Council, biggest and most combative Indian organisation in Colom-

However, the outlook for In a number of Latin America's Indians is fighting a winning battle, rather than becoming the victims of

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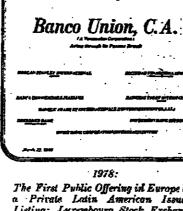
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LATIN AMERICA XIV



Armed forces dominate many political arenas

MILITARY AUTHORITIES

SARITA KENDALL

tradition have been linked ever since the birth of most Latin American nations. The great liberator generals who fought the Spanish armies in the early nineteenth century had an intensely political vision of the future Bolivar's dream of integrating Colombia and Venezuela, Ecuador into a democratic "Gran Colombia" being the

most ambitious. These military men are Latin America's heroes, and the anniversaries of their battles commemmorated pomp and speeches reminiscent of a glorious past.

the twentieth century military involvement in politics has been equally strong. During the last 60 years there have been nearly 100 coups and many other occasions when a quiet shuffle in power occurred as a result of military

Until the Brazilian coup of military takeovers were usually seen as a temporary evil. and though a few politicians had to run for the border, the long-term fate of a nation was rarely profoundly

To outsiders, Latin American coups were something of a ioke, and the typical military dictator was a garishly uniformed general who could barely sign his name and was to be bought for a modest sum

Another era

But the Brazillan coup took the armed forces as an institution to power, and ushered in a military era which does not depend so firmly on the personal ambitions of any one particular man. With the fall of Nicaragua's Anastasio Somoza. the continent's last remaining caudillo is General Alfredo Stroessner, who has reigned in Paraguay for 26 years.

Though more than half of all Latin American nations are military rule, most generals at least pretend that government will eventually be handed back to civilians. The armed forces of Ecuador and Peru have recently carried through carefully planned democratic exercises with new constitutions and free presi-dential elections; but the Southern Cone regimes have a generous approach to

In Uruguay, Chile and Argentina the military want to ensure themselves a permanent place in politics, and do not want to risk handing over to any but the most conservative president. A military man will succeed President Videla next year, and a new Chilean President will not be named before 1985, with free elections set for after 1990.

The Uruguayan military are to put a revised constitution to the vote at the end of this year revisions include a ban on left-wing parties, and the classification of citizens into those suttable for civil service jobs. Besides being so prominent in government, the Latin American military retain their more traditional role of defending national sovereignty. Nearly all the region's nations are involved in territorial disputes, and guarding the frontiers is a task to be taken seriously. Thus spending on conventional weaponry is a major item in many national budgets, and competition for funds among different branches of the ser-

boundary issues are still very at the expense of human rights much alive is an interest in and income distribution. geopolitics. The Brazilian military has been most prolific in and Panama, traditionally their publication of geopolitical bastions of rather conservative tracts, but in Argentina and governments, have recently had Chile there are also important military regimes that purported



Security check — soldiers and police regularly hold spot checks and body searches on citizens in Buenos Aires as a measure

the changes they set out to

implement were soon watered

Mexico and Costa Rica are

both exceptional in the Latin

because the military have been

kept firmly out of the political

arena for so many years, and

Costa Rica because the army

Lest the military should be

elected presidents, it should be

pointed out that many civilians

with political ambitions have

And often electoral fraud.

nassive over-spending, party

rivalries, political violence or

blatant corruption have acted

as catalysts for a coup. How-

ever, the armed forces have also

set out to de-stabilise and

overthrow popular govern-ments, with some outside

encouragement and the help of

local: right-wing paramilitary groups—as in the case of Chile.

may have proved a rare article,

but the Latin American mill-

tary are increasingly pro-fessional. The role of army

education institutions has been

and war college think tanks are

responsible for providing meaty

For many of the urban poor

and the peasants, compulsory

recruitment is equivalent to

armed forces teach literacy and

basic skills such as driving,

and the recruit sees something

doctrines.

compulsory

A political professionalism

knocking on barrack

democratically

American context -

schools of thought — partly to be revolutionary—though because of Argentina's long time fear of Brazilian hegemony. Massive colonisation schemes have been instigated by the military in some countriesparticularly those with Amazon lands—as part of the need to settle frontier areas and protect them against foreign incursions. General Golbery do Couto e Silva's intellectual leadership in the Brazilian War College has 1949.

been crucial, not only for the geopolitical thinking that seen as strong men permaencouraged Brazilian expansion nently lurking in the backism, but also for the develop- ground getting ready to throw ment of the "National out benign democratically doctrine.

Shared by most of the Latin American military and translated into national security laws in many countries, the doctrine ties the concepts of security and development inextricably together, and gives the military permanent justification for intervening in political, social and economic matters.

Taken to its logical conclusion, National Security warrants the use of the most extreme forms of repression to restrain anyone the military consider to be acting against the national interest, because the national interest is above any other cause.

The Cuban revolution first

focused attention on "internal enemy" and nished the armed forces with important in officer training, carte blanche for counterinsurgency operations. and abetted by the United States, which supplied special training in Panama and the U.S., the Latin American mililaunched campaigns against guerrilla groups throughout the continent, often extending their ferocious tbeir ferocious repression to trades unions. of his country. students, the church and any popular movement with faintly pink tinge.

Late in 1979 army commanders met in Bogota to discuss how best to defeat the guerrilla movements remaining in Central and South America. emphasising the need for regional co-operation against subversion. By this time Colombia, Guatemala, El Salvador and Honduras were the only countries with a serious guerrilla problem.

Wiped out The Brazilian urban move-ments, the Tupamaros of

Uruguay and the Chilean and Argentine groups had all been virtually wiped out-and in these four countries the military had such a firm hold that a resurgence of guerrilla activity scemed unlikely. Though the fear of Cuban-

financed and stimulated subversion has waned, most Latin American military men are rabidly anti-Communist, partly influence at the height of Cold War politics, and more recently because the National Security doctrine has fostered mistrust of any far-reaching social and economic change.

On the contrary, the Brazilian and Southern Cone regimes have encouraged foreign investrices is flerce. ment and made economic Linked to the fact that growth their primary targets,

But Peru, Ecuador, Bolivia

With territory still to map, roads to build and transport services to run the armed services have tasks that legitimately tie them to national development objectives. The construction of the last link in the Pan American Highway system, through the Darien Gap jungles and swamps. is being carried out by a battalion. troops are frequently called in ouakes or floods cause major disasters.

The armed forces have had another chore little to their liking over the last two yearsthe anti-drug campaign on the claim army officers, only serves north Colombian coast, which to corrupt the military.

Military industries have a key role in some Latin American economies—not just arms pro-duction, which has grown rapidly in Brazil and Argentina. but other strategic areas such as mining and petroleum.

Highly involved

The Ecuadorean army, for example, has stakes in car pro-duction, and the state steel company, while the navy is closely involved in fishing and was abolished by a junta inshipbuilding projects. Fabricaciones Militares of Argentina produces a wide range of multary equipment and has major holdings in petrochemical, steel and construction companies.

Where the military have held political power, it has been easy to consolidate their economic security, and fringe benefits such as housing, cars and generous pensions—not to speak of the opportunities for contraband-make a career in the armed forces attractive.

There are other perks too: a famous Brazilian shows a fond father asking his son what he wants to be when he grows up. "President" is me the answer. The next picture as shows that father taking his beboy to be enrolled at a military

Some military regimes have looked for legitimacy by holding well-rigged elections or even creating a pseudo-democracy. President Carter's human rights policy and his open approval of civilian democracies have put to pressure on the Southern Cone dictatorships to curb some of their worst excesses, but the records of torture of disappeared people, of every form of persecution, will make dismal testimonials compared with the statues of the Liberators.

THE ANDEAN PACT 17th December 1980

Introduction: A situation report on the most effective of the various Latin American economic integration schemes. Its origins and administration. Prospects for the future. The political dimension as it affects, Venezuela, Colombia, Peru and Bolivia.

The Andeau Development Corporation (CAF): One of the

main financial institutions in the region. Its growth and Central Bank co-operation: The range and importance of the financial relations between the governments of the

region. Decision24.

Metal working.

The Automotive programme: Welding the five markets into one free trade area in motor vehicles. Distributing the manufacturing in the five member states. Relations

with the foreign motor manufacturers.

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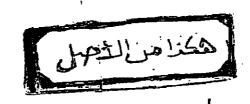
Transport Energy: Relations between the member states in the light of the importance of oil, gas, and coal production

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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER



As unions are now struggling in Latin America to assert basic

rights, rather than to establish

Left-wing regimes, previously hostile foreign unions, such as

the North American AFL-CIO,

have proved to be rather un-

likely allies. A threatened boy

cott of Chilean exports by that

union forced the Government

into some hasty revisions of

proposed union legislation. Unions in Latin America have

suffered severe reversals since

governments took power. But

recent developments have shown how difficult it is to

establish continuing control

Peru and Brazil have, per-

haps, the first examples of a general process in which trade unions begin very slowly to

re-assert their rights and to

over the working class.

exercise their power.





Given the size of the public

Union opposition to authori-

tarian governments does not

operate in isolation. Indeed, it

was only because the growth of general opposition to the

Government in Brazil which led

to political liberalisation that

the unions were able to act with

a freedom that would not have

been possible five years earlier.

Perhaps most important has

been the support given to

labour by the Church. Such aid is a constant source of

embarrassment to governments

that claim that they came into

power to re-assert Christian

textile workers.

values.

Violence in San Salvador, (left): men, women and children struggle to escape from a human stampede after a hail of gunfire broke up a funeral mass for slain Archbishop Oscar Romero. Right: Crowds in Sao Paulo, Brazil, hurl rocks at the windows of a bank during a bank workers' strike. Violence exploded between police and the demonstrators

Activities strictly limited

TRADE UNIONS ALAN ANGELL

MOST LATIN American workers face regimes which are hostile to their interests. Military gov-ernments in Chile and Uruguay base their political and economic strategies on control over labour, and similar governments in Argentina and Brazil differ only in greater uncertainty and lesser resolve.

Even the civilian, but authoritarian, Mexican Government has a very poor record on income distribution—though its success-tal model of labour management which involves co-optation and concession, rather than coercion and repression - had been imitated, with no success at all, only in Peru.

Why should Latin American governments take unions so seriously? The first reason is political — many governments in Latin America came to power precisely to stem the political tide that was flowing in favour of the Left.

The Chilean military coup of 1973 was the most dramatic attempt to turn back the political clock. Not only the policies of Allende's Popular Unity govern-ment, but also those of Frei's Christian Democratic govern-ment (from 1964 to 1970) were seen as irresponsible exercises in political demagoguery, which, by granting "unreal" economic and political concessions to the urban workers and the peasantry, would undermine the very fabric

The Brazilian military took power in 1962 (among other rea-aons) to stop President Goular's encouragement of urban trade unions and peasant leagues. In Uruguay and Argentina, the struggle against urban terrorism was a more immediate reason for

the seizure of power, but in both countries the subsequent general attack on the Left (defined very broadly) adversely affected the

Repression

The extent of repression in to many Latin American coun-tries, varying from outright twider of trade union leaders to elaborate restrictions on basic union activities is an indication of how seriously Governments take the potential fireat of organised labour movements.

... But the reason for such measures is also economic. Although there are many difrences between the policies of the military governments of Latin America—from the wouldbe reformism of the recent Peruvian experiment, to the gmatic monetarism of the Chileans or the State-based expansion of the Brazilians nevertheless, these Govern-ments agree that inflation can only he controlled by severe lestraints on real wages and that the process of accumulation can take place only by favouring capital against labour. The obvious unpopularity of such a policy, especially when tough anti-union measures by It marks a break with the recent military governments, or more

often in Latin America a necessary condition for the operation of the free market from country to country, but it countries, the days are gone is, nonetheless, impressive.

Has it proved difficult to con-

tain demands from the unions? In fact it has, and rather surprisingly so in view of the organisational weaknesses of most Latin American labour movements. Only in Argentina is there a labour movement comparable in size, strength and national coverage to the powerful union movements of Western Europe.

Most Latin American workers are not in unions. Even in manufacturing industry, most workers will be employed in firms too small to develop a union. Most urban workers do not even find employment in the industrial sector.

Examples

In Brazil, about 30 per cent of the urban labour force is classified as self-employed, and in Chile about 20 per cent. In Peru, the level of urban underemployment varies between 50 per cent of the work (Readers anxious for up-to-date statistical information are referred to a recent. publication of the London Latin Bureau entitled Unity is Strength: Trade Unions in Latin America.)

Potential union strength is frequently the victim of deep divisions between white collar employees and blue collar workers, between workers in the state sector and those in the private sector, and between rural and urban labour. Governments have been adept in manipulating these divisions to their own advantage.

Divisions in the structure of the work force find a parallel in the political divisions that were once such a feature of the unions. Socialists and Communists were long-standing rivals in the Chilean labour movement, despite their cooperation during the Popular Unity government. The Peruvian labour movement is still divided into hostile camps

of Communists, Apristas, Maoists and Trotskyists — even though most Argentine workers would regard themselves as Peronists, that allegiance covers a very broad spectrum of opinions. In Mexico, leaders of the pro-Government CTM have to face

increasing challenges from communist and independent led unions. And even in countries which maintain a democratic and competitive political system, such as Colombia or Venezuela, the labour movement is, divided into a number of competing confederations.

Divisions have been intensified by the activities of international labour organisations, as rival groups representing nonpolitical unionism, Christian Communist . or unionism unionism have competed for the allegiance of local organisations.

Yet, despite these divisions ses, and in spite of and weaknes

> political and economic model to the existing system of domina-

In Mexico, seemingly "middle class" unions, such as university employees and nuclear power workers, are among the most troublesome. In Colombia bank workers, civil servants and

past, helps to explain why poli-enticing offers from civilian school teachers frequently force tical authoritarianism is so governments, recent years have the Government into a corner. seen a marked increase in union

> nessed strikes on a scale un-paralleled since the populist days of President Goulart in the mid-sixties. And the most aggressive conflicts have been fought by the relatively well-off car workers of Sao Paolo, though their example has been followed by groups as diverse as the miserably paid construc-tion workers of the northeastern cities and some middleclass civil servants in Rio.

It would not be an exaggeration to say that the general strike in Peru in 1977 was a decisive event in the acceptance by the military government that it had failed, politically and economically, and would be better off back in the barracks.

In Chile, the government abandoned its attempt to set up official unions and faces an unending stream of criticism from union leaders, several of whom were once active in opposing the Allende government. Strikes and demonstrations have increased as the union movement has overwhelmingly rejected the government's "labour plan."

The Argentine Government's ment down to remarkably low levels (rarely above 3 per cent) is testimony to its recognition of the potential power of the unions, and is intended to prevent a repetition of the riots and strikes of 1969 which brought down the military President Ongania.

But there is little evidence that the Government has had any success in winning over the unions from their allegiance to Peronism. Even the Mexican Government finds that labour management is a more complex and difficult operation than it used to be.

What explanation can we offer for this pattern of increasing union resistance? In the first place, the very scale of countries has given rise to a numerically stronger and better organised labour force: the Brazilian car workers are an obvious example of a group brought to prominence economic "miracle."

But of greater importance is the way in which organised labour has come to speak for - and to represent - the general interests of the urban

Two facets

Popular protest and union resistance are often two facets the onomic policies of most Latin American governments do not favour groups. Unions have taken up (and identified with) general opposition movements because only by such identification can they hope to secure any improvement in conditions. Unions members' have to transcend their limited sectoral objectives most regimes make it prac-tically impossible to perform those functions with any degree of effectiveness.

In a sense, therefore, unions

have to offer an alternative

tion; and such an alternative encompasses widely based popular demands for a change in the pattern of distribution. Another development that has increased the political significance of organised labour has been the growth of white collar militancy. It is not only the working class that has suffered economically. In Peru, the schoolteachers' union, under Maoist leadership, was the largest, most militant and most effective opponent of the military Government-not because union had much-economic weight, but because of its power to mobilise support from pupils and their parents, the peasantry and the Church.

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TRAVEL

HUGH O'SHAUGHNESSY

WITH THE halting of almost all passenger shipping lines to Latin America from Europe and the U.S.-epart from Caribbean craises - the traveller has little alternative to the airline. Sadly, he can expect few of

the travel bargains such as those which are bringing the London to Hong Kong air-fare down to £100. Battles between the U.S. and European airlines and their less well-equipped Latin American competitors high. Latin American Governments, supporting their own air-lines, have limited the farecutting possibilities of foreign range of cut-price excursions to his final destination.

The safety and reliability of the international services offered by the airlines is variable. The European giants such as British Airways, Lufthansa and Air France, try to keep up their standards of sarvices in their standards of service in Latin America and they generally do remarkably well. Smaller

American consistently outper- stations en route forms its U.S. competitors; and among the Latin American air-Varig has sought -- and cained - the best mark for allowed this correspondent to in-dight service on its long haul join his fellow passengers in shifting the boulder which had

The determination that the Brazilian flight attendants put into their job is often very impressive, though at times it has its disconcerting side. For instance. I once flew Varig from Zurich to Rio first class and enjoyed impeccable service. The only thing wrong was that the

sometimes make for remarkable cinema car in the evening, and

incident one winter's day some Patagonian landscape in years ago, when an Argentine morning. aircraft took off, its wings covered with snow, from Ken-nedy Airport, New York. After barely clearing some rooftops,

it continued on its way to it was made up of eminently Buenos Aires, much to the comfortable broad-gauge sleepamazement of the traffic con-Some Latin American air-lines, though not usually the bigger ones, suffer maintenance

either through managerial weaknesses or through the lack of foreign exchange to buy spares and services. One Latin American air-line is certainly in that position at the moment and may soon have to stop flying.

Some Latin American airlines have led to fares being kept are, frankly, unsafe at any speed high. Latin American Governand the traffic control sometimes lacks the sophistication found in other part of the world. One of my most memorable flying companies. The individual reveller can, however, pare forces down considerably by taking a cheap trans-Atlantic Bight from Europe to Miami, and there buring a can af the starting at the discovering at th and there buying one of the staring at the disappearing exhausts of another aircraft which had cut across our path and cannot have missed us by

The traveller who wants to savour Latin America—and do it cheaply—is well advised to take the train where he can. An European operators such as old and trustworthy friend of British Caledonian, which a few mine who took the train from years ago gave the impression Brazil to the Bolivian city of of not having the resources to Santa Cruz reported once that of not having the resources to cope efficiently with the vagaries of airline life in Latin America. have greatly team to play the natives at a healthy and leg-stretching game Among the U.S. carriers, Pan of football at the more important

> The sense of camaraderie on the afternoon train from Machu Picchu to Cuzco last October fallen across the track. But Latin American rail travel is not all playing football and shifting boulders. The sleeper trains of the region offer cheap and luxurious exclusivity. El Regiomoutano, which plies

between Mexico City and the northern capital of Monterrey. cabin crew never once found offers exceptional value and a moment to smile at any scenery, excellent cheep meals passenger.

The fact that Aerolineas the evening hours in slightly Argentinas is controlled by the faded stainless steel elegance air force of Argentine some- of the parlour car. Or, if your times shows. As a tourist class business takes you from Buenos passenger, I have at times felt. Aires to Bariloche, don't fail more like a recruit than a pay-ing customer. On the other hand offers you comfortable sleepers. the pilot's determination to healthy Argentine steaks and carry out their allotted missions wine, two showings in the

Likewise in Chile, make some which when I last travelled on ing cars made in Birmingham many decades ago. The unfold-ing of the lake district of southern Chile, with the Andes rising beyond it is a thing to be savoured the morning after leaving Santiago.

But equally, don't disdain the humble bus or shared taxi. The business visitor to a Latin American capital who finds himself with time on his hands at a weekend could do a lot worse than find his way down to the bus station or long distance taxi terminal and venture a day or two into the interior. By his return to business on Monday he could well have picked up a good "feel" of the country. He could well have picked up

some kudos for having visited places and seen things that the inhabitant of the capital had never seen. In Brazil, it is perfectly possible to be driven in great comfort across Amazonia, say from Brasilia to Belem, in a leito or a bus with reclining seats and in the space of 32 hours or so absorb some feeling for the Wild West pioneering spirit of the region's largest country. Or, for instance, a journey from Lima to one of the towns in the Amazon basin is cheap by taxi. The fascination lies in the great variation of climate. vegetation and life style one sees, from the desert drabness of the Peruvian capital, across one of the world's highest passes to the high plains or puna when the inhabitants herd their flocks of llama, and then on to the semi-tropical wilderwatershed.

Western Hemisphere, the citadel of La Ferriere, built by excuse to take the Flecha citadel of La Fernere, built by Nocturna to Puerto Montt King Henri Christophe when he was ruling the newly indepen-

One of the finest sights in the coffee to dry or their fruit to on the black market changing tempt you to buy.
Thet region's hotels and

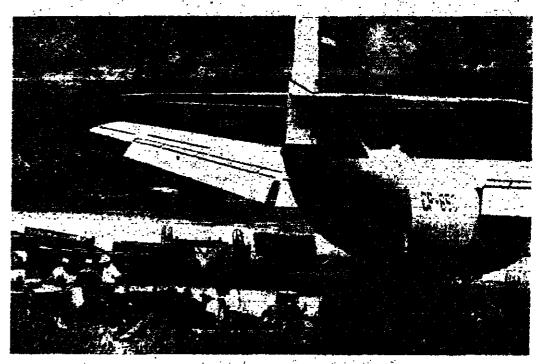
hoteliers deserve at less; as much mention as the sights and enormous fortification, a the Riviers in Havana after an to be recommended in Cap stupendous monument to the fixed accused me of Haftier? The answerse to some king's strength of will, is a lying when I reported the loss of these questions and sort of tropical Colditz. It is from my room of a pocket tape thourands more are to be carved out on a rocky spur an hour's trek from Milot, where, at the now-ruined palace of Sans Souci, the king held court with his dukes and counts.

From Milot, accessible hy did not the police because he in Rath. with his dukes and counts.

From Milot, accessible by did not like the reporter's distant from Cap Haltien, your patch about Argentina? Have mount, led by his owner, takes certain lift attendants at the

the peasants have laid out their. Alleade days did good business

Why is the Hotel Colon in America, amateur or profes-sional, should leave home with-



A transport plane brings in supplies to a mining camp in the forested eastern

A wealth of experiences await the visitor

TOURISM

HUGH O'SHAUGHNESSY

LATIN AMERICA is the place for the traveller. Not for the tourist, mind you, but for the real traveller. Tourism, I am glad to report, has made comparatively few inroads into the region. With the possible exceptions of Acapulco, the Argentine resort of Mar del Plata and the Uruguayan town of Punta del Este, there are no resorts whose character can be compared in awfulness with Miami Beach or Torremolinos or Rimini.

There are of course those misguided promoters, especially in Mexico, who want to convert strips of the Latin American coastline into facsimiles of the worst that Florida, Spain and the Italian Adriatic can offer. But, happily, nature usually laughs at them. The region's immense coastline and comparatively low population density mean that there is seldom the lemming-like competition for sea and sun which afflicts Western Europe and parts of the U.S., squashing millions together on some particularly unfortunate piece of beach.

There are certainly package Most Latin American capitals have at least one sharp operator with a more or less serviceable fleet of buses christened Gray Line to tempt the visitor from the U.S. for a sanitized tour round town. And in the lobbies of the larger hotels in the bigger cities one number of visitors making their way in groups round the continent on some "adventure" tour. Such tours are often sad affairs, keeping the visitors to a careful round of reliable, tame excursions, and giving little taste of the real adventures of Latin American travel, which are too

America have left some stupenof their rise, flowering and

Added attraction

Added attraction lodged there as in one of the The fact that we know little finest houses in Castille." of the precise religious or civic motives which prompted, for instance, the Zapotecs to build a series of temples on the great acropolis of Monte Alban, out-side the Mexican city of Oaxaca, or the Incas to build the remote and inaccessible city of Machu Picchu on the saddle of a mountain, a magnifi- Juan has a marvellous example cent site in the depths of the of military architecture, whose Peruvian jungle, gives added size and cost testify to the over-attraction to a visit to them whelming economic importance

There is also the realisation to the riches of their American that in many centres of pre- empire. Columbian civilisation, more remains to be uncovered than has yet been found. What customs of the people show how wonders may not be awaiting discovery in Yucatan and Belize? And might there not be a city similar to Machu Piechu a city similar to Machu Picchu The most significant example somewhere in its vicinity, un- of cultural imperialism was

died four centuries ago? The traveller who as yet feels unmoved by the attraction of civilisations antedating the arrival of Spaniards and the Portuguese may perhaps want to visit cities which show traces of colonial times. He will find plenty of them in most parts of the region, save the southern parts of Argentina and Chile. In the Caribbean, the Dominicans and the Puerto Ricans have both done excellent work in preserving the colonial atmosphere of capitals

But those who want to make such as Santo Domingo and San Christian and pre-Christian

The civilisations which have transport the imaginative flourished and died in Latin traveller back to the 16th century. The cathedral is certainly dous monuments. The exotic the equal of many in Spain, and nature of these monuments for the nearby palace of Diego artists better been shown off the European traveller is very Colon, Columbus's son and than in the Regional Museum often heightened by the mystery Second Admiral of the Indiea, is at Oaxaca. Here, ancient which still surrounds the history still a handsome building. One jewellery of gold, coral and can well understand why a crestal and other treasures are chronicler wrote to the Emperor Charles V and assured him that he would be "as well

> In Puerto Rico, San Juan does not have the wealth of different religious and domestic archi-tecture still to be seen in Santo Domingo. But in the Morro the massive fortress built at the mouth of the harbour to defend the treasure convoys from Spain's European enemies—San whelming economic importance

that the kines of Spain attached

In some cities architectural monuments and the continuing uneasy has been the grafting of European on to pre-European cultures.

touched since its last inhabitants surely the construction of the massive cathedral in Mexico City, built on the site of the sanctuary of the Azters after the Spaniards had just defeated them. However, little remains of the Aztec structures, at least above ground level. More visible is the little church of Los Remedios, which the con-querors built on top of the big-gest pre-Columbian structure in America: the pyramid to the of loneliness and remoteness plumed serpent Quetzalcoatl at is stronger than in Patagonia

their own way, to take time Juan.

civilisations is nowhere better and the occasional risk will be The Dominican Government illustrated than at Chichicasrewarded with unspecied and spent much time and effort in tenango, in the highlands of unfrequented sites, and unusual rebuilding and restoring Guatemala, where Mayan experiences such as the more Columbus's first effective Indians, many in their ances developed parts of the world capital, and the old quarter of trai finery, burn incense to their can scarcely still offer.

Santo Domingo is able still to old gods on the steps of the imaginative church at Saint Thomas.

and contrasting harmonics of pre-Christian and Christian to the exhibited in the former and assured monastry of Santo Domingo.

Sight seeing

The catalogue of places to see in Latin America is endless and the list of monuments unlimited down to the ultramodernity of a capital like

But virtually everywhere, in every human settlement nature is the constant and often dramatic backdrop.

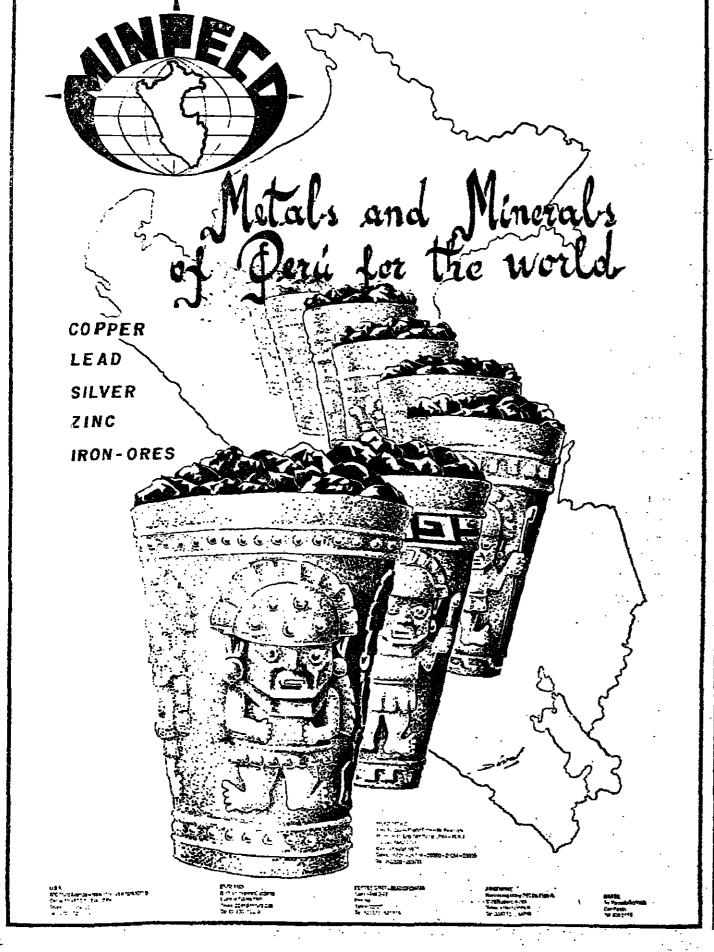
No city in the world, extinct dead can be more dramatically sited than Machu Picchin in Peru. No modern city could have a more luxuriant and beautiful setting than Rio de Janeiro, where a taxi will take you to Tijuca, a jungle park with butterflies as big as saucers. The architecturally undistinguished city Santiago can in the evenings be transformed as the sun sets on the Andes, turning them to a wall of pink more than 20,000

feet high. In what other seat of government than La Paz in Bolivia would the inexperienced visitor be advised to relax with a bottle of oxygen on his first day because of the altitude of 11,000 feet? Are there many Cholula, 75 miles west of or the Falkland Islands?

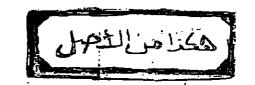
Mexico City.

Such are the fascinations of

The continuing mixture of travel in this huge, continent,







Regional integration offers big advantages

.N. ECONOMIC COMMISSION

THE HELEN SPOONER aur Santiago Correspondent

N AUGUST, 1947, Chile's repentative to the United r an Economic Commission or Latin America. The region, cording to the diplomat, was cing severe economic presres. not only from underdevelopment but from the dislo-ations caused by the Second world War. The war, and its fter effects, had forced Latin merica to suspend develop-

ment plans, he said. The proposal was approved on February 25, 1948, and more than two decades later most member nations of the UN meeting. Economic Commission for Latin America (CEPAL) are faced, once again, with fall-out from concerning the the industrialised north, in the American Common

form of a world recession. But "CEPAL has also been very process of regional co-operation materials have declined from he said. "But it could hurt us momentum (six). prepared to withstand such an Free

according to CEPAL executive birth of ALALC." secretary, Enrique Iglesias, is the increase in Latin American economic co-operation in the form of multilateral trade agree-

Today, that figure has reached between 17 to 18 per cent, which indicates an important advance in co-operation schemes."

CEPAL, in the past, has been closely identified with the sub-regional accords in Latin America and the Caribbean, Sr. Iglesias said, noting that one such accord, the Central American Common Market, was born as a proposal at a CEPAL

"This was a proposal which

Trade

Then there was the Andean This regional co-operation Pact, a trade and development provides Latin America and the co-operation plan among Venezform of multilateral trade agree-ments and sub-regional common Bolivia and until a few years market accords.

"During the 1950s, barely Economic Community (CARRI-5 per cent of the region's total common community (CARCAL trade took place among countries of the region," he said new intra-regional accords, but new intra-regional accords, but

planned.

There were crises occurring took on its own life," he said, pectations surrounding them at CEPAL meeting in La Paz. concerning the Central the time of their creation," he Steel production has the of their creation," he Steel production has quin-"But if one looks at the tupled since 1960, and raw

the region now seems better active in the Latin American as shown by statistics, one has Association to accept that there have been (ALALC), and it was the com- very important advances in Part of the reason for this, mission which assisted at the intra-regional co-operation in Latin America."

> Caribbean with a partial defence against any violent changes in the world market, according to Sr. Iglesias.

Collaboration

"We have maintained that regional collaboration should be rather lending its technical and complementary, thus creating a academic experience to Latin much stronger defence mech-American integration, as a anism in the face of interwhole.

"The CEPAL philosophy is said. "And, in recent years, that the greatest advantage lies this has been the case, for inin regional integration." said dustrial production in some of Sr. Iglesias. He admits, how- the larger countries in the ever, that some integrationist region have found a strong efforts have not succeeded as market within Latin America." 9 fO se

Industry is growing, albeit in some formal integration slowly, in Latin America, as Sr. schemes in regard to the ex- Iglesias noted at last year's

95 per cent of the region's by depressing the price of basic exports to 80 per cent. But the disparity with production in the industrialised nations access of our exports to the emains enormous.

Meanwhile, any immediate economic benefits for the people of Latin America are being unevenly distributed, according to Sr. Iglesias' figures. Some 60 per cent of any productions gains affect only the wealthiest sectors of society. Approxi- —recession with inflation," said imports (15.8 per cent). And tives, when there was not a mately one-third of the popula- Sr. Iglesias. "Latin America is although the rising cost of oil consensus between the interests tion in Latin America is malnourished and 30 per cent

underemployed.

Within the context of the world economy, however, Latin America is continuing to show growth. The region, S. Iglesias told conference delegates in La Paz, "has learned how to export." In addition, Latin America has become an active borrower of capital from international banks, a phenomenon unknown in previous times, he

"In this sense, it cannot be said we have been too affected the number of those nations in are something with which we that free market systems do not so far by the world recession,"

products, increase trade protectionism and thus impede the wif t countries." industrialised

But for Latin America, inflation is a more serious problem, and triple digit inflation (hyperinflation) has plagued a number of countries.

a victim of very heavy blows from the inflation of the countries' internal economies, and the union of international inflation to internal inflation." The commission's preliminary balance sheet for last year

This is a new phenomenon

year (16), nearly tripled over modern business and as such which inflation lost some of its must co-exist," he said. "They modify under-development.

The countries with highest phenomenon of international inflation include Argentina, capitalism."

Brazil, Colombia, Chile, Mexico, Their contributions to the Peru and Uruguay. Last year, region, according to Sr. Iglesias. the costs of their imports grew a combined 18.3 per cent, ments, the expansion of export While exports grew by 14 per markets and a general increase cent. These figures contrast with in production. the trade statistics for Latin America in general, which show an increase in the growth of nationals' policies were not in exports (17 per cent) over accounts for much of the of the companies and the increases in foreign imports, interests of the countries," he two of the high inflation coun-

producers and exporters.

Sr. Iglesias, a Uruguayan economist who has served as illustrates this. The rate of the commission's executive ment-to-Government economic inflation for the region, as a secretary since 1972, expresses co-operation promoted by whole, rose from slightly more an ambivalent attitude towards than 40 per cent in 1978 to 51 the presence of multinational per cent in 1979, and the corporations in Latin America. per cent in 1979, and the corporations in Latin America.
number of countries in which "We have maintained that consumer prices increased more they are a world phenomenon, rapidly than in the previous pertaining to the evolution of

tries-Peru and Mexico-are oil

for the companies."

We have maintained that traditional economic schemes. Sr. Iglesias's predecessor. Argetine economist Paul Prebisch, has publicly charged

form part of the economic

include technological advance-

been seen when the multi-

accordance with national objec-

tives, when there was not a

added. 'For this reason we

have always emphasised the

importance of a code of conduct

The sub-regional, Govern-

The negative aspect has

Remarkable progress in the last 20 years

REGIONAL INANCE

CANCY DUNNE

WHILE MORE- than 100m people in Latin America live a precarious existence in or on the edge of poverty, their region sill has made remarkable proriess in the past 20 years. Its ent Gross Domestic Product is tripled, exports have more in doubled, living conditions or millions have improved subintially, and modern induslal economies have sprung up i urban areas across the Con-

An integral part in these dvances has been played by the ner - American Development nk, founded in 1959 by the S. and 19 Latin American untries seeking a regional k responsive to their own

has made solid and steady pro- 34.9 per cent of the stock, and tries to the developing nations so. It does, however, borrow gress. With a membership now it has been American foreign of the south, member countries on the world's capital markets grown to 42 countries, its policy which has largely do not join the IDB for through the issue of bonds and initial capital has multiplied by influenced the bank's direction. altruistic reasons alone. The IDB, once referred to 30. The IDB, once referred to 35 bank of debtors" has with President John Kennedy's to the 23 Latin American councilism some years ago after helped finance health and education programmes, low cost housing, dams and canals, agriculture co-operatives, electrification programmes, and transportation and communications networks. It was the first inter- support for foreign aid waned, national institution to venture and the bank began looking into large-scale rural develop- elsewhere for additional re-

From 1961 to 1978, the Bank contributed \$14.8bn in investment loans and organised financing for programmes and projects involving a total investment of more than \$57bn. By 1979 its lending volume topped-\$2bn annually.

Organised as a corporation, the bank's charter links voting power directly with a country's stock subscription. The Latin American borrowers hold a controlling 56.2 per cent interest.

Alliance for Progress, when tries (oil-rich Venezuela is no foreign aid was still popular longer a porrower) mean with the American public. With expanded trade for the the nation's expensive involve- investors, since equipment is ment in Vietnam and subsequent economic troubles,

**lember countries

and was allotted a 4.7 per cent interest. In 1976 the first of 13 European countries were sary for admitted to membership and, efforts. later, Japan and Israel joined The I in. The 15 non-regional consist of shares subscribed by members have a 4.2 per cent all member countries. In 1979 interest. Portugal is the most its capital subscriptions were

The U.S. is, by charter, the rence on the principles of aid capital subscriptions and does the poor," while the borrowing sky-rocketed. The IDB is pro- only a pledge of callable non-renewable natural resources. Since its inception, the bank second largest shareholder with among the industrialised coun- not anticipate any need-to do Governments are often sup-viding technical assistance for capital, he pointed out.

and hydro-electric potential.

purchased and technical aid obtained only from member countries, Bank officials estimate that for every dollar borrowed from the U.S., \$2.5

to \$3 are returned in trade. Bank officials say the tech-Canada was admitted in 1972 loan applicants has, over the vears, helped create the basic institutional structures necessary for effective development

The Bank's capital resources recent member and the Koreans composed of \$1.4bn in paid-in capital and \$10.2bn in callable ing for admittance. Despite widespread concur- had to draw on its callable

criticism some years ago after Press disclosures that some directors earned higher salaries than the U.S. Secretary of the Treasury. Salaries were cut back and so was the staff. The Bank has made it through the past five years with virtually no real growth in its administrative budget.

Although the IDB maintains a position of ideological neutrality, its policies are not untouched by political realities. Cuba is not a member and has not asked to join because to do so it must first be a member of the Organisation of American States. Border disputes and part in decision making. The

porters of "the trickle-down the planning of its borrowers' school."

Disputes among the factions however have not prevented the emergence of a coherent lending policy. Preference for soft Bolivia, the Dominican Repubthe Bank's fifth replenishment various means. With "comlic, Ecuador, El Salvador, of capital since its founding, plementary" financing it duras Niconggo 2013 loans now goes to the poorest duras Nicaragua and Paraguay. making great efforts to stem

Energy resources

area's bursting cities.

About one quarter of all loans will go to development of reducing Government expendi- and Venezuela. The U.S. fund energy resources. As a result tures," complained the bank's of \$525m, established in 1961 energy resources. As a result century-old rivalries among the of open price rises, the Latin Latin Americans often play a American countries have been caught in a double squeeze. Not Foreign Relation last month. committed in its first five years Scandinavians, seen as only must they bear the burden A big part of the of operation. The \$500m Utopians by many of the Latin of higher oil prices, but the proposed U.S. contribution to Venezuelan trust fund, set up Americans, want aid to go pre- costs of goods and services the Bank's capital requires no in 1975, helps finance, among dominantly to "the poorest of from developed countries has outlay of federal funds, but other things, loans to develop

development.

U.S. domestic politics have \$10bn increase in capital to About 30-35 per cent of all raise lending by 5 to 7 per cent financial institutions for specific investment will be in rural a year for the next four years, projects. In co-financing, it development where planners are the U.S. House of Representa- enters into joint agreements tives at first agreed to approve with other international the American share. with other international agencies, bilateral institutions the flow of migrants to the the American share. "Some parliaments and the

U.S. Congress are prone to treat

president, Antonio Ortiz Mena, to finance social development

Congress has since approved energy programmes, as well as the funds necessary for the raising money on the capital Bank's fifth replenishment of markets and mobilising addi- funds. It will provide an tional funds to co-finance energy additional \$600m in paid-in shares and \$7.4bn in callable

> from private banks and other and private sources.

The IDB also administers these pledges on a par with funds for several countries and direct foreign aid outlays and to the Vatican, the largest of cut them under the pretext of which are supplied by the U.S. before the Chicago Council on projects, was almost entirely

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LATIN AMERICA XVIII

Here and on the following page is a series of profiles on a cross-section of Latin American personalities.

Ramiro Saraiva Guerreiro

RRAZIL'S Foreign Minister. Sr. Ramiro Guerreiro, is a 61-year-old career diplomat with solid experience in multilateral negotiations, who likes to think of himself as a low-

key conciliator. This trait - contrasting sharply with the unpredict-ability of the former Foreign Minister, Sr. Antonio Azeredo da Silveira-has served Sr. Guerreiro well in Brazil's new priority area—Latin America. In the past, relations

between Brazil and its South American neighbours, or more geographically distant Latin American states, suffered from chronic chills, lethargy or mutual suspicion. Brazil's one time gigantism complexes worried neighbours that it perhaps aspired to begemony over the subcontinent. These fears were not assuaged by the controversial public state-ments and negotiating tactics of earlier foreign ministers. With the advent of Presi-

dent Jo20 Figueiredo and of

Sr. Guerriero in March, 1979, the mood changed: faced with a troubled world scene. Brazil took a closer, less haughty look at its neighbours. Carefully avoiding words or deeds that might worry smaller or less-developed states, Brazil has sought intense co-operation with the subcontinent, thus enhancing a growing Latin American

Co-operation

After years of squabbles over the heights and generaling capacity of the giant Brazil-Paraguay dam, Itaipu, on the Parana River, and the Argentina-Paraguay project, Corups, downstream of Itaipu -a controversy that raged during the Geisel Administra-tion—Sr. Guerreiro offered

the Argentinians a workable compromise. Thereafter, Brazil and Argentina dis-Thereafter. covered that not only could they get along, they could also a broad range

economic and technological co-operation. With hie dawn of liberali-

sation in Brazil, the Foreign Minister's flair for Latin American ententes cordiales helped Brazil to forge closer ties with Mexico and Venezuela—thus diversifying its oil suppliers and paying the way for major industrial co-operation and to nurture a special multilateral relationship with the andean memberstates of the Cartagena Pact, Venezuela, Colombia, Peru, Ecuador and Bolivia.

In negotiations, Sr. Guerreiro is said to measure his words carefully (and some times speaks them so softly that his interlocutors must strain to hear), while leaving no room for ambiguities that, subsequently, must be resolved at some pains.

In hyper-sensitive Latin America, this avoidance of excessive space between the words is paramount if there is to be no backsliding into old,



Brazil's Foreign Minister, Sr. Remiro Saraiva Guerreiro his low-key style contrasts sharply with the unpredictability of the former foreign minister, Sr. Antonio Azeredo da Silveira

tetchy habits. In many res pects, the subcontinent is the acid test of Brazil's selfmatism."

DIANA SHITI

Hernan Siles

AS THE son of one of the few Movement (MNR) in 1941. more popular presidents of Bolivia, leading organiser of the 1952 Revolution, President of the Republic (1956-60), and now leader of the powerful Democratic and Popular Unity (UDP) electoral alliance. Hernan Siles is indisputably a figure of both historic and contemporary importance Bolivian political life. ip

A long-standing social democrat and a figure of personal charm (he is recognised as simpatico even by his opponents). Siles has come to after the disastrous Chaco War personify the uphill struggle to against Paraguay (1932-35), in establish a stable parliamentary which Siles fought as democracy in Bolivia.

of Bolivian politics it is seen Movement of the Left (MNRI) - have been hoping finally to

capture office in yesterday's

Early influence

Siles was born 67 years ago in the ancient southern city of Sucre, once the capital of Bolivia. He was 13 when his during his training as a lawyer he was greatly influenced by the smal group of idealistic but enthusiastic nationalists that as Augusto Cespedes, a talented party to power for 12 years, journalist, and Victor Paz

cratic style by periodically transferring its papers from files marked "Nazi Influence" to "Communist Affairs." Nevertheless, responded to a coherent current of radicalism in Bolivia

democracy in Bolivia.

Subaltern and was wounded.

His brand of reformism The growth of the party
would be considered distinctly allowed him to enter Parliament leftist almost anywhere else in for the first time in 1940 and, the world, but in the extremes along with Paz and the other of Bolivian politics it is seen "young Turks," he quickly as essentially moderate, even made a name for himself as a orthodox. Twice denied the scathing critic of the tin

> officers (1943-46) but when this reformist experiment ran out of political momentum and was replaced by a series of right-MNR during the Barrientos wing regimes he was forced into regime but they came to SIX YEATS.

Siles Snr. gathered round him masterminded the three-day and ensured Siles the support of in the later years of his term. revolt in April 1952 that ousted This cabal included such men the military and brought the the military and brought the Lechin's PRIN.

The MNR nationalised the in 1978 Siles set about forming Estenssoro, an economist, with mines, instituted an agrarian a popular electoral alliance of in better stead than any other whom he was to form the reform, and virtually dissolved the centre-left and entered into established political leader.

Nationalist Revolutionary the traditional army, replacing agreement with the Communist

it with peasant and worker Party, the left-wing MIR and : The MNR displayed a plethora militias. These moves, however, of influences, from fascism to redistributive populism; certainly its ideological confusion baffled the U.S. State Department, which seems to have handled its dislike for the party in conveniently bureau-cratic style by reviedically developments and when Siles adherents to redistribution of political parties in Bolivia in the party in conveniently bureau-cratic style by reviedically developments and when Siles adherents to receive the parties of their property of small socialist parties were not part of their property to form the UDP. Afthough gramme and had been forced there have been a multitude of the leadership by the split and realignments among strength and radicalism of political parties in Bolivia in the party in conveniently bureau-cratic style by reviedically developments and when Siles adherents to receive the UDP has been forced there have been a multitude of the UDP has been forced there have been a multitude of the UDP has been forced there have been a multitude of the UDP has been forced there have been a multitude of the UDP has been forced there have been a multitude of the UDP has been forced there have been a multitude of the UDP has been forced there have been a multitude of political parties in Bolivia in the UDP has been forced there have been a multitude of the UDP has been forced there have been a multitude of political parties in Bolivia in the UDP has been forced there have been a multitude of political parties in Bolivia in the UDP has been forced there have been a multitude of political parties in Bolivia in the UDP has been forced there have been a multitude of political parties in Bolivia in the popular mobilisation. The succession is the UDP has been forced there have been a multitude of political parties in Bolivia in the popular mobilisation. developments, and when Siles became President in 1956, having served as Vice-President under Paz, he was faced with an economy on the verge of collapse and a highly veciferous, discontented labour movement

Social conflict

His recourse to the IMF and the implementation of an extensive stabilisation plan generated further social conflict. At one stage Siles was obliged to adopt the traditional Bolivian means of protest — the hunger strike.

— as part of his efforts to get the miners to accept the 1956. orthodox. Twice denied the fruits of victory at the polls of oligarchy (Rosca) and the Gov-measures. The price or account the past two years, the UDP and erament, led by the incom-such policies was the loss of the MNR's left wing, but Siles own party—the petent General Penaranda—the MNR's left wing, but Siles.

Revolutionary Later Siles was to play an was already at odds with Pazime into open opposition. integral part in the MNR's first and came into open opposition experience of government in with him when the latter tried alliance with radicalised junior to extend his second term as to extend his second term as Paz won a majority in Congre President in 1964.

Various attempts were made to patch up the divisions in the clandestine activity for nearly nothing. Finally, in 1972, Siles gave up and formed the MNR-1. While Paz remained the Paz decision to back the coup leader of the party he lived in of Colonel Banzer in 1971 and exile, and so it was Siles who gave up and formed the MNRI directed the day-to-day activities of the MNR and finally the division of the movement put the seal on the support of the movement of the movement. those who had not already Juan

With the removal of Banzer.

variety of small socialist partie adherence to a programme reform and "retrieval of social gains of 1952."

It has been Siles, rather tha Paz, who has had most succes in presenting himself as th natural heir to that tradition Neither has he lost anything h allying himself with the pr Moscow Communists, who have an appreciable following in th working class and long ag nailed their colours to policy of "the peaceful road socialism.

The UDP almost certainl won the poll of July 1978 by fraud followed by a coudeprived it of office: Last year contest, in which Paz' right-win alliance was the principal challenger, was both cleaner and much more close. Siles narrow won the presidential race b and the resulting stalemate pr vented either from taking

A similar result may be de pected for the 1980 pe although Paz' ill-disguised su port for Colonel Natusch's cos to last November has undoubted ...

It remains to be seen wheth Siles, if he wins the vote, w be able to implement cautious reforms in the face the right (a fiercely anti-Cor in m. munist army) and the left (t) = powerful miners' union). his pluralism and his gift was

Manuel Becerra Acosta

IN THE remarkably short period of three years, Sr. Manuel Becerra Acosta has built up Uno Mas Uno into one of Mexico's best-many believe he best-newspapers.

In a depressingly dull panorama of newspapers, gen-erally characterised by sycophancy, sensationalism and commercialism. Uno Mas Uno stands out, not just in Mexico but in Latin America as a whole, like a bright decd in a naughty

This is not to say that Uno Mas Uno, of which Sr. Becerra Acosta is editor, is exempt from the hallmarks of Mexican journalism: excessive nationalism, abundant rhetoric and political naïvete. But compared to many other news-papers. Uno Mas Uno is making a serious and honest attempt to portray the complexities of con-temporary Mexico.

Uno Mas Uno was launched on November 14, 1977, from tumbledown promises with a small, virtually unpaid staff using rented printing presses. Now the newspaper has built its own modern offices, bought its own machinery and the weekly wage bill has shot from 50.000 pesos (\$2.212) to 2m pesos (\$88.495) for a staff of around 200.

Rapid progress

There are correspondents in Washington, Paris, London. Madrid and parts of Latin America, and soon a weekly political supplement will be cultural supplement.

takes note of. Every day the President's press department sense of bitterness since his prepares a list of "favourable" father had been co-founder of and "critical" articles in the newspaper in 1917.

Mexican press—and invariably Within 16 months, however, Uno Mas Uno is the newspaper Sr. Becerra Acosta was back which most criticises the with Uno Mas Uno which has Government.

Uno Mas Uno would achieve



staff, like Sr. Becerra Acosta, were fired from or left Excelsior, the leading establish ment newspaper, in July 1976 after a Government-inspired palace purge to stem the liberal being expressed Excelsior.

Sr. Becerra Acosta was deputy editor of Excelsior and he and its editor, Sr. Julio Scherer, hacked up by young reporters. had turned Excelsion into a critical forum. Under their leadership. Excelsior stopped being merely a mirror of the Government, beginning report the country's social probadded to the already existing lems in more depth and to criticise openly the Govern

The newspaper's circulation has grown to 70,000 but like many "quality" newspapers it Government of the day, headed is fair to say that its influence by Sr. Luis Echeverria is greater than its sales might with official connivance the suggest. It is one of the news- removal of the dissidents was papers which the Mexican presi-engineered. Sr. Becerra Acosta, dent, Sr. Jose Lopez Portillo, aged 46, left Excelsior after 27 years with a particularly strong

become what Excelsior was in Few people, including Sr. its liberal heyday, but more so. Becerra Acosta, thought that Uno Mas Uno was started with an initial capital of 8.5m pesos some of its objectives in so short (\$376,000) which Sr. Becerra a time. Most of its founding Acosta raised from public and

private financial institutions. Mexicans do not get the pre the prides himself on refusing they deserve and that they all cheap "loans from parties treated as if their intelligen to the present the interested in taming the newspaper and says that none of his reporters are paid by the sources of their information—2 well established practice to buy

favours in Mexico. Uno Mas Uno still has heavy debts, but not to the extent that its viability is threatened. Judging by the construction work still going on at the newspaper's offices, Uno Mas Uno plans to continue expanding. However it does not have the immense resources of a newspaper like Excelsior.

The title reflects the philosophical mind of Sr. Becerra Acosta. The title refers to one (uno) journalist plus (mas) one (uno) reader which, he says, is not two people but one since both journalist and reader have the same interests of truth at heart. He compares it to the relationship between a husband and wife which, he says, is

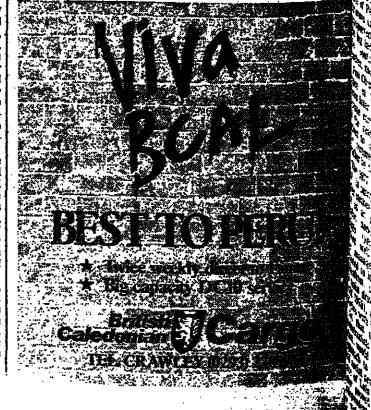
ideally one "unit."
"A reader," he says, "can be more intelligent than the editor of the newspaper he reads, but He believes that never less."

treated as if their intelligen

level was minimal. As we were talking his secto: tary brought in copies of the afternoon's newspapers. banner headline across the fro page of Ultimas Noticias, 1 afternoon edition of Excelsic read "Census goes ahead wit out incidents." He referred Mexico's 10-yearly census, white had been held that day.

Sr. Becerra Acosta cast as the newspaper, saying: "Wi a headline! Why report it there were no incidents? implies that we are incapa of doing anything."

The readership of Une terested in politics and to sor extent intellectual. Ours is newspaper open to all politi parties except fascism. It is a commercial newspaper w goal is to enrich the owne are concerned with nation printers at Uno Mas Uno ha shares in the newspape



Sr. Gonzalez del Valle

people from the continent, CEMLA has maintained remark-

able unity.
CEMLA's publications are

probably the best in Latin America. Sr. Gonzalez del Valle

He has prepared a pre-

developing countries.

arge Gonzalez

/alle

The have worked so ordination. Twenty of the countries as Sr. American. del Valle, the Monetary

his professional life working will most probably once more with furthering monetary co-operation. After studying cube withdrew after its revoeconomics at the University of San Carlos in Guatemala and obtaining degrees at the Universities of Columbia and in the Bank of Guatemala and in the Central American Bank for Economic Interation.

Experience

For four years he was an nector in the central bank. reational Monetary Fund American Mone'er "We are not a political billing of global payments among developing countries for the votes in its favour.

Note: The votes in its favour. Imminary report on the feasibility of global payments billing of global payments among developing countries for a specific payments.

of increasing original 45 founding members co-corration between of the IMF in 1945 were Latin

Virtually every Latin Amerithe Spanish can country is a member of the Centre for CEMLA (usually represented by central bank presidents or which is based in which since the death of General Franco has been drawing group for the ing nearer to Latin America, tand also acts as the also belongs to the organisation.
One of Sr. Gonzalez del valle's personal achievements, A crican central banks.
Sr. Gonzalez del Valle, a Guatemalan, has spent most of the black sheep of the continent,

> Cuba withdrew after its revolution. At the end of 1978 the Banco Nacional de Cuba started to express interest in returning to the fold. Sr. Gonzalez del Valle, who visited Caba as a student, had a hard task con-vincing some countries that to date in their statistics. Cuba's membership should be renewed. Countries such as Paraguay could not forget that the guerrilla leader Che Guevara once headed the Cuban CNCTAD's committee on

Fourteen votes are needed to "F) and for nine years join and Cuba has about 20

Valle, who regards Cuba's entry herd of CEMLA.

valie, who regards could a culty the Original Committee and the development level of many would like to establish the development level of many should after various given the political differences mechanisms to achieve greater southern European countries, involved in starting which now exist in Latin co-operation on a world wide in terms of its industrialisation, the UNCTAD committee and · re about after various given the political differences involved in starting which now exist in Latin decided that Latin America and the highly . a needed greater co- individual temperament

Jorge Cauas

banker. university professor current crisis and to create a and former Finance Minister— base for the future." is often credited with being the authoritarian military govern- areas.

Chile's Finance Minister he was impossible to restoration in a nation where inflation had climbed to more than 600 per cent.

the replacement of socialist How these concepts are economic policies with the applied, according to Sr. Cauas, strict free market practices is best determined by each advocated by Milton Friedman. nation. Now, six years later, inflation is down, production is up, Chile's exports are diversified, and foreign investment is boom-

prides himself on making the His previous posts included bulletins tighter and more up the vice-presidency of Chile's Central Bank during the Christian Democratic Govern-ment of Presidente Eduardo Co-operation is a word which Frei. He also held a teaching post at both the University of Chile and the Catholic Univer-sity. Sr. Causs had been serveconomic co-operation among ing as the director of the World Bank's Development Research Centre when he was appointed finance minister.

> "Chile is now approaching cultural development and per WILLIAM CHISLETT he said, income,"

> > Sr. Cauas admits, however, did not occur as quickly as had been hoped. "There was a coincidence of

problems—the fall in the price of copper, which then accounted for 80 per cent of our exports. and the rise in oil prices. Our

JORGE CAUAS - economist, task was two fold: to solve the

Sr. Cauas believes that other chief architect of Chile's eco- countries could learn from nomic policy - a policy whose Chile's economic experience, successes have drawn grudging and noted that even Cuba has recognition even from those started to experiment with a who deplore the country's limited free market, in some

"Each country has its own But 45-year-old Sr. Cauas is problems, and its current situaquick to point out that as tion must be analysed. It is merely part of a team of economists in 1974 who were three basic rules. One, the assigned the task of economic market must function freely; restoration in a nation where two, the Government must exercise financial discipline; than 600 per cent.

The "shock treatment" practices, which hurt the applied by this team involved economy's efficiency, must end."

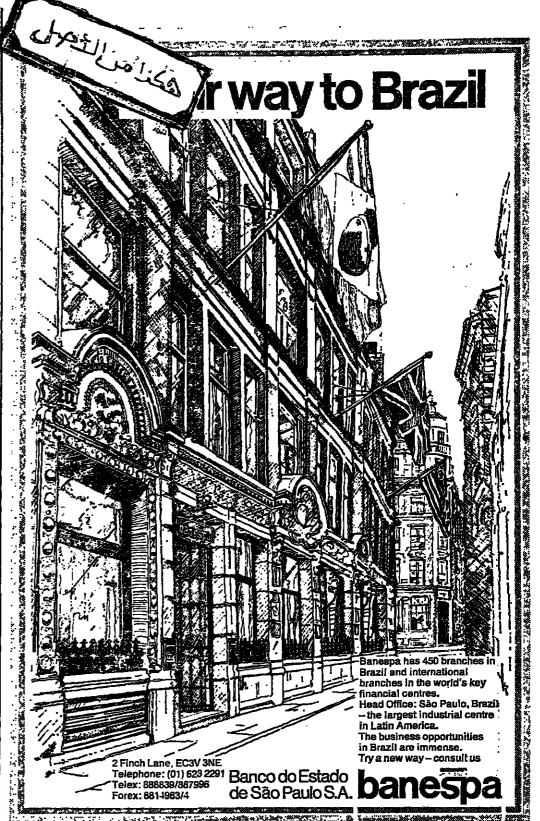
Profound debt

He says he owes a "profound intellectual debt" to Friedman. as well as to former professors —William Vickrey and Arthur Burns, who taught him during his graduate studies at Columbia University in New York. Never having attended the University of Chicago, Sr. Cauas is not, strictly speaking, a "Chicago boy," as are several of his colleagues in the Chilean Government.

For the past two years he has served as chairman of the board of the Banco de Santiago, one of the youngest and most successful private banks in Chile. It is a post which offers the advantage of allowing his enterprise to enjoy some of the policies he once helped to implementsuch as the loosening of Central Bank controls of private banks. In addition, he has a good view

When asked if he is satisfied with the progress of the economic plan so far, Sr. Cauas' reply is an emphatic "Si!"

MARY HELEN SPOONER



Father Cesar Jerez

NATHER CESAR JEREZ looks the archetypal jolly friar of the sort that beams out from countless Victorian oil paintings or grins from wine labels in collars round the world. To meet him casually, few would suspect that he is number three on the death list of a Right Wing terror squad in his native Guatemala or that, two years ago, he and his companions were told to quit their houses in El Salvador on pain of being exterminated.

As the first provincial superior of the Society of Jesus to be nominated in Central América, he leads an eventful life, attending his office on the outskirts of San Salvador every day but taking care to vary the place he chooses to sleep. try not to be near the door, either." he says with a laugh.

Fears

Archbishop Romero a few weeks ago, no-one is safe in El Salvador and duath is a constant possibility for a man who has incurred the lasting hatred of right throughout central America.

Despite the threats to him and the deaths of many of his friends, he continues his task of organising the work of the lesuits from Guatemala to Panama, giving his views of the Central American situation to nyone abroad who will listen

Periods of study in North Wales and the U.S. have given years yet. The him a good command of English



month he called on the Archbishop of Canterbury, visited Christian Aid, delivered a visited Mr. major speech, visited Mr. Norman St. John Stevas, and Mr. Nicholas Ridley at the Foreign and Commonwealth Office, and delivered a string of radio broadcasts. His European visit also took him to Rome to see the Jesuit General Arrupe.

the Netherlands and to Ireland. Few of his hearers could have to bring the Church back to doubted that they were getting the days of privilege." the most expert and humane view of a region which seems destined to be making news for murdered Romero was a good friend of and he also speaks German. On his, but he makes no bones

about the disunity of the Church bishops and lay people violently for social change and take issue with much of what the Jesuits are doing.

church has meant division with-in the church," Jerez says. Among Christians there are those who tacitly or openly defend injustice and would like

Jerez knows that in Central America today people are murdered for saying much less trenchant things than that

HUGH O'SHAUGHNESSY



White plays and mates in 3 moves

Luis Inacio (Lula) da Silva

workers of Sao Bernardo do Campo, near Sao Paulo, in 1977 when strikes were not only forbidden — they still are — but also unthinkable.

At that time, a very brief and sudden stoppage of work (the first in 15 years), with the inspiration—if not with official support—of the metalworkers' union, brought Lula vividly to the attention of managers and the Press. Lula was revealed as a stolid, shrewd and determined union leader, hitherto unknown.

Lula, now 34 went to Sao quickly Paulo around 1968—a young same i man sweating his way from Garanhuns, in the north-eastern state of Pernambuco, in a post de arara (a battered truck that transported north-easterners to the big industrialised cities of the south), following his brother, nicknamed Frei Chico.

Frei Chico was caught by the police in 1975 and tortured. Years later Lula admitted, in a private conversation, that one of the reasons for his being driven to social militancy was the torfure inflicted to his brother by the security forces. The 1977 strike was successful in many ways: it inspired other strikes and Lula launched out as an independent union leader, non-Marxist and non-

pelego (yellow) and what looked well af the time to the management, completely opposed to ideological excesses, radicalism, student movements (a main driving political force until 1978), and the mixing of politics with labour struggles. At that time a group of industrialists were fostering what would look as a new approach to Brazilian political and social problems; the emerg-ence of Lula boosted the idea.

LUIS INACIO (Lula) DA SILVA Lula, at that time, insisted upon ment—one-year job security—emerged in Brazil during a direct negotiation with the and organising an impressive successful strike by the metalmanagers, without official patronage, which was the norm. This was indeed a brief interval. Lula was praised by managers for his ability, straight-forwardness and candid manner of pressing his demands and, above all, for his leadership skills. In the minds of some managers, Lula of some managers, Lula epitomised the ideal combination for an "authentic" union

Authenticity

authenticity 'proved embarrassing to the same industrialists when Lula, and his colleagues succeeded in making a second and more impressive strike, one year later. In the full might at the heighth of the dispute, the reacted Government appealing to the Labour Law, deprived Lula of his post_as president of the union. The strike continued, but the issue then became a battle to win back Lula's - which was finally

figure, wooed by journalists and open hostility of the Com-Lula had became a national politicians. In the 1978 parliamentary elections, he gave his support to certain MDB (opposition party) candidates. At that time, he claimed that he had labour prestige in the working class and political prestige in the middle class - an accurate riew — and an indication of Lula's consciousness of his liabilities and limitations. After the election, Lula emphasised a need to organise a Workers' Party, insisting that to support mandatory delegates was not enough. What he proposed was a much larger share of decision-

making in government to the This year, with his party later proved wrong, that an independent union leader would already another bid to raise wages and could become a national party to settle what is anotherna to leader. welcomed if he kept clear Communists and radicals, both management and govern-

and organising an impressive strike, with the support of other metalworker unions. Lula rallied massive support and the longest in Brazilian history being strongly opposed by the Government, which seemed, at times, to be terrorised—at one stage, helicopters made low range dives over assemblies of

The strike, made without the movement of solidarity in the towns; funds were raised to support the families of strikers But, eventually, Lula was deprived of his post in the union and jailed, pending a formal charge of inciting disorder, under the State security laws. He was freed only when the strike ended, weeks after.

Lula (he is married, has two sons) has managed to attract support of many union leaders but not as many as he would like, and he has firmly estab lished his Workers Party. Lula also has the sympathy of the Catholic Church, intellectuals and students-and attracts the munist Party.

Lula has shown a high degree of leadership, among a wide range of workers. He is passionate in his manner of speaking, using harsh language and, at times, is almost in-cautious. He is the first union leader in Brazilian history who has managed to unite people of widely differing social strata.

Hé is, furthermore, a man who has out-witted the Government mastermind. General And Lula's party. Golbery. And Lula's party. which the Government tried to choke through his jailing, has won, instead, more impetus.

Luia has now changed roles. launched, he made From an unknown leader, he

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Press still faces fierce censorship

Deceptive

But it is a deceptive freedom.

As a rule of thumb the greater the circulation of a publication

a TV or radio station, the more

restricted it is. It is one thing

for the Communist Party's newspaper, with its small cir-

culation and limited distribu-

tion, to attack the Government

and quite another for a widely

circulated daily to do so. Most

of them although privately owned, are too comfortably

close to the official world any-

On June 9, for example, 70,000

teachers from 20 States, according to an official figure, stopped

work to hold marches and meet-

ings to demand better pay and

Radio VIP, the country's only

English language radio station.
was told that morning in the

regular telephone call it receives from a Government official

before its new broadcasts, that

it was to make no mention at

all of the teachers' strike. It

was reported in the morning's

newspapers, including The News, the English language

Two days earlier the PRI

way to want to criticise it.

a freer trade union.

THE MEDIA

WILLIAM CHISLETT **Our Mexico City Correspondent**

TURNALISM IS a dangerous o ofession in Latin America. De past two years have seen the murder of a Nicaraguan newspaper editor by Right-wing runmen; the killing of a U.S. elevision reporter by a Nicaraguan National guardsman; the fleeing into exile of the editor of the Buenos Aires Herald after he and his family received death threats; the expulsion from Argentina of another newspaper editor after two years under house arrest: the jailing of a Brazilian journalist for poking fun at a Brazilian military hero: numerous bomb on hi attacks on editorial offices and 1978. magazine closures.

Not surprisingly, foreign cor-respondents check into hotels in authoritarian countries like Guatemala under false names and try not to state their profession when filling in official dynasty. But in that particular four months this year for forms. Not that these pre-incident his murderers under-counter-revolutionary activities. cautions offer much protection estimated the public reaction to They were found guilty of being since security forces quickly his death, for it acted as the behind strikes. size up visitors. catalyst in uniting the diverse In Mexico a

varying degrees of democracy— Ironically, it took another strauon of resource to varying degrees of democracy— Ironically, it took another strauon of resource in public—to is feroclously censored. It journalist's death to bring the Portillo aspires—in public—to resource the country's foswould be naive to expect any- insurrection to an end with regenerate the country's fosthing else, since those countries Gen. Somoza's downfall. The silised political system, domwhere censorship is the murder of Bill Stewart, a inated for the past 50 years by daily, heaviest are deeply entrenched reporter for the American the Institutional Revolutionary. The heaviest are deeply entrenched reporter for the American the Institutional Revolutionary. There was no logic behind military dictatorships with a Broadcasting Company, who Party (PRI), but the reality is the order—which if disobeyed vested interest in keeping the was shot by a National Guards—that the Mexican Press is dull could have resulted in the lid on their respective political

In Paraguay, for example, where Gen. Stroessner has been its wavering support for Gen. than in power for 26 years, there is—in theory—Press freedom. The country's 1967 constitution provides all the classic safeguards against violations of human rights—including Press

Communism is the bogey and is the pretext used for persecuting publications of every political stamp other than those independent, principled opposi-obsequious to the Government tion nearly fell under the sway

A typewriter is effectively of the Sandinstas.

Public reaction

The Latin American Press—with a few exceptions in countries like Mexico, Venexuela and Costa Rica, which have varying degrees of demonstrates.

Latalyst in uniting the diverse line movement is not a dangerous one, but the against Gen. Somoza and amount of Press freedom is sparked off a popular insurrection to overthrow him.

triumphantly into Managua, the social problems. country's capital.

But the military regime there danger of coming full circle. has kept most of the country Television and 15 out of in a permanent state of siege Nicaragua's 20 radio stations since Gen. Stroessner came to are controlled by the Left-wing power. The state of siege, Sandinistas, instead of the justified on the grounds of Somoza family, and the San-"internal disorder," is renewed dinistas also have their own every 90 days. An atmosphere newspaper Barricada, which is of terror is thus maintained the Government's mouthpiece. which stifles dissenting voices. La Prensa, whose offices were destroyed during the war by National Guardsmen and which for so long was the symbol of country.

considered a weapon in countries like Paraguay, and those the Sandinista camp was La Prensa's departure into journalists who use it to speak averted by the dismissal of the out invariably have a real newspaper's editor after a quarweapon turned on them. Such rel within the Chamorro family was the case of Sr. Pedro over whether the paper should Joaquin Chamorro, editor of continue its independent prothe Nicaraguan daily La Prensa, business line or move closer to and certainly no Communist, the Sandinistas. Now it will who was ambushed by gunthen continue as before and a new on his way to work in January, pro-Sandinista newspaper, El Nuevo Diario, has founded. been

The new masters have eased Sr. Chamorro, a wealthy out criticism on their left. The lawyer, turned his newspaper editor and two journalists of into the country's forum of Pueblo, an extreme Left-wing opposition to the Somoza newspaper, were imprisoned for

Ironically, it took another stration of President Jose Lopez man at point-blank range, was and unimaginative. It is loath to station losing its licence—other the final straw for the Carter criticise the Government—more than the Government's convic-Administration, which withdrew as a result of self-censorship tion that the spoken word has its wavering support for Gen. than formal scrutiny—and more impact than the written Somoza. The Nicaraguan dictashows an almost obscene in—and also probably a wish not tor fled into exile and the terest in high society events, to upset the foreign community Sandinista guerrillas marched given the country's appalling in Mexico.

There is no censor, as such, sponsored a conference called Now, a year after the ousting in Mexico who wields a blue "Day of Freedom of the Press" of Gen. Somoza, the wheel is in pencil through copy before it which featured lots of bombastic

is published. The situation is speeches about press liberty. infinitely more subtle than that. Similarly, when the Danie

Similarly, when the Danish News stands display a wide and Belgian embassies were just as if it were an advertise-variety of publications, from occupied in February by a group ment. It is printed as an Excelsior, the leading daily of peasants demanding agrarian ordinary news story but mention newspaper, to liberal weekly reform and an investigation into magazines like Proceso, soft "missing" people, VIP was told magazines like Proceso, soft "missing" people, VIP was told porn magazines and partisan that it was only to air the offerings like the Communist Involvement of the peasants and Partys newspaper-all of which not to go into the background gives the appearance that there of their demands. is wide Press freedom in the

Generally, however, an official voice is not needed to inform the media of what it can and cannot do because over the years a tacit understanding has grown up between the press and the Government as to what is or the wider the audience of permissible and what is not.

When a news broadcaster at Radio VIP announced in May that the Agrarian Reform Minister was leaving his post to run for the PRI in the elections for State Governor, she was quickly reprimanded, not by a govern-ment official but by her colleagues, for breaking the unwritten rule that no announcements of this nature are aired until they are "official"—i.e. until an announcement had been made, in the case by the

PRI. At the time it was common knowledge that the Minister was leaving and indeed it had been reported in several newspapers, but nevertheless the broadcaster, unaware of rule, was reproached by her colleagues of longer standing.

Journalists in Mexico, as in many other Latin American countries, are also encouraged to toe the official line by a system of "parallel salaries." Reporters are paid not only by their employers but sometimes by the source of the news they are covering in order to guarantee favourable and prominent coverage, particularly if it is a Ministry or Government agency.

Reporters are poorly paid, so the temptation to supplement their income is greater. During the Echeverria administration it is said that "parallel salaries" reached as high as \$2,000 a month. The practice continues, but to a lesser degree under the present government.

paid for.

or broadcast.

There are three notable exceptions - all of which are publications founded by journalists ousted from Excelsior in 1976 after a coup within the establishment newspaper to purge it off its liberal editorial staff. Their removal was engineered by the non-editorial staff of the paper, which is organised as a co-operative. With the connivance of the Government, which was fed up with the critical tone of the paper, they voted to cease employing the editor and the regular columnists.

First, Sr. Julio Scherer, the fired editor, founded the weekly magazine Proceso. Then Sr. Manuel Becerra Acosta started the newspaper Uno Mas Uno and last January Sr. Samuel del Villar launched a fortnightly magazine Razones. All are carrying on the constructive criticism and investigative reporting known as the (White Brigade). started by Excelsior and have succeeded in winning respect Television, by virtue of its for their interval. for their integrity.

Another favourite practice involves paying for an article just as if it were an advertiseis made of the fact that it was

Not all the media, however, is subject to either a strong dose of self-censorship or a voice at the endrof a telephone advising them what to publish

sensitivity of some subjects.

nation from the people.



Striking journalists in Brazil carry away on injured reporter when hundreds of pickets tried to halt the distribution of Sao Paulo newspapers.

one incident in 1978, however, armed forces which shows the

Sr. Ramiro Bautista, a former Army officer and now a univer-sity lecturer and member of the Mexican Workers Party, published part of his thesis on the Mexican armed forces in Proceso. It denounced the army for its repression and alie-

He was kidnapped for six days and repeatedly questioned about the article and his mili-tary contacts. Sr. Bautista believes that his kidnappers were a paramilitary group

Television, by virtue of its large and virtually classless They have been left alone by audience, is more restricted the government, which can than the Press. Again it is more point to the three publications a question of self-censorship as proof that there is real Press and a reluctance to test new ment instead of paying 25 per

Televisa, a private company involving the author of an whose major shareholders in article in Proceso about the clude Sr. Migual Aleman, a former President and a multi-millionaire, and Grupo Alfa, the country's largest holding company, runs four of the six TV channels. Of the other two, one is Government-run and one falk under the aegis of the Educa-

tion Ministry. Notimex, the official Mexican news agency, supplies all TV channels with news about the country. TV programmes are a diet of imported U.S. programmes — soap operas.
Westerns and crime serials and very few in-depth programmes about Mexico.

The Government is also guaranteed, if it so wishes, one eighth of broadcasting time for its own purposes. In 1969 a law was approved which enabled commercial TV and radio cent tax on gross income.

Keen interest among world's bankers

FOREIGN BORROWING

FRANCES GHU ES

LATIN AMERICAN borrowers have loomed large in the euromarkets since the beginning of the last decade, absorbing all along a large share of the total volume of eurocredits and, at ast in recent years, floating usually over \$1bn worth of international bonds.

American borrowers Argentina, Brazil, Chile, Mexico, Peru and Venezuela— raised more than \$24bn worth of loans, almost a third of all syndicated credits during 12

The largest borrower was Mexico (\$8bn) followed by Venezuela (\$6½bn) and Brazil Prin (just under \$6bn).

months.

The volume of bonds these three countries raised was much smaller (\$1.2bn) but it accounted none the less for 40 per cent of all bonds raised in international markets by Developing Coun-

Latin American borrowers thus remain at the forefront of many international bankers' minds but perceptions about "quality" of the various borrowers are undergoing some changes. Mexico and Venezuela last year. pose no fundamental problems to the banks. They are both major exporters of oil, a commodity whose price has risen sharply during the past 12 months. They face constraints on the speed at which they can grow but the banks have full confidence in their ability to

Earlier this year, Venezuela re-assessed its overall need for borrowing external capital. The country's borrowing require-ments for this year were cut back from an initial figure of \$2½bn to a figure of \$1½bn. Thus, the next 24 months will be devoted to consolidating the capital flows, a task which should be made easier by the fact that the country's current account is no longer under the pressure it was last year.

As a large oil producer, Mexico faces no particular constraint on its borrowing. Mexi-can borrowers have, for some years been noted for their innovative approach. They have resorted to a number of new devices which has helped their borrowing programmes.

Last year, Mexico tried to gain access to the U.S. insurance pool of funds. In recent weeks the State oil company, PEMEX, has floated its first fixed interest dollar eurobond, very successfully. Mexican borrowers have access to the Deutsche Mark sector of the bond market, but the syndicated credit market remains by far the greatest source of funds: so far this year, \$1.72bn worth of funds have been raised through this channel and Mexico can be expected to raise money on some of the finest terms avail-

country's Comision awarded a mandate to Westdeutsche Landesbank to raise a \$200-\$300m credit on a descalatthe first five years, dropping to could be a major challenge will per cent for the last five.

Another country which is in the international capital much in favour with the banks is Argentina. The terms of the latest jumbo loan to Banco de in Latin America whose prob

When discussing Latin
American borrowers, the spotlight inevitably falls on Brazil.

Four key Caribbean countries are wrestling with balance or payment difficulties which could After being, for many years, the worsen this year as a result of wunderkind of the intersoaring oil bills. They are the national banking community, Dominican Republic, Jamaica bankers find themselves well and truly locked into Brazil. Guyana has the heaviest den The country's debt has soared burden of the four. The publi

There is a group of borrower. la Nacion clearly underline this lems have only come to the favour: a spread of 1 per cent fore of late, partly mayor above the interbank rate for because of Jamaica's well pub life of the credit which is five licised brush with the IMF las spring, the Caribbean.

Last year, the six major to over \$50bn while the debt external debt is now equal t

BRAZIL'S DEBIT SERVICE SCHEDULE FOR THE **NEXT FIVE YEARS** (At December 31, 1979; figures in \$ bn)

	Payments due								
neipal	1980	1981	1982	1983	1984				
rivate debt		. 3.4	3.2	2.5	1.2				
Public debt [‡]	4.0	3.6	3.5	2.8	3.1				
TOTAL PRINCIPAL	6.7	7.0	6.7	5.3	4.3				
erest Private debt	2.1	1.7	1.2	0.8	0.4				
Public debt*	4.2	3.7	3.1	2.7	2.4				
TOTAL INTEREST	6.3	5.4	4.3	3.5	2.8				

Includes private debt guaranteed by the public sector.

Recalling the country's last but one Minister of Finance, Sr. Karlos Rischbieter is of meagre consolation. He pointed out, not long before resigning last January, that all non-oil produc-ing LDCs are in debt to such an absurd degree that "that it is starting to create banking problems; if oil reached \$85 a barrel, it is not Brazil which will take the initiative to renegotiate the debt—the whole world will have to sit down."

Whatever Brazil's exact financing needs are this year, the latest syndicated credit for Electrobras makes it clear that the country will have to pay a higher spread for its money: this \$300m loan boated a spread of 1; per cent for eight years. At the end of last year, Brazilian borrowers were still raising money on spreads below 1 per cent.

Brazil's negotiating position is bound to be weakened in the months to come by the run down in the country's hard currency reserves. This has been the result of Brazil trying to resist the stiffer terms which the banks have sought to impose on its borrowers. This resistance has apparently been to no avail. At least the Brazilian authorities have had the relief of seeing U.S. interest rates drop very significantly since Easter: even so, raising money is going to be difficult.

The going could become rough if the price of oil rises Third World borrowers a further and if Brazil's exports attendant problems: from the problems of the price of the pr fail to rise. But the banks are locked in.

be no other way out. Default is unthinkable as it would shake Federal de Electricidad has just confidence in the international ably but nonetheless faces banking system and test it too

severely.

service ratio reached 60 per about 100 per cent of gro cent of hard currency exports national product while de service payments absorbed ju over one-third of hard current exports last year. The Extends Financing Facility, arranged la year with the IMF, is no long in effect because of the country's failure to meet number of the targets set by th

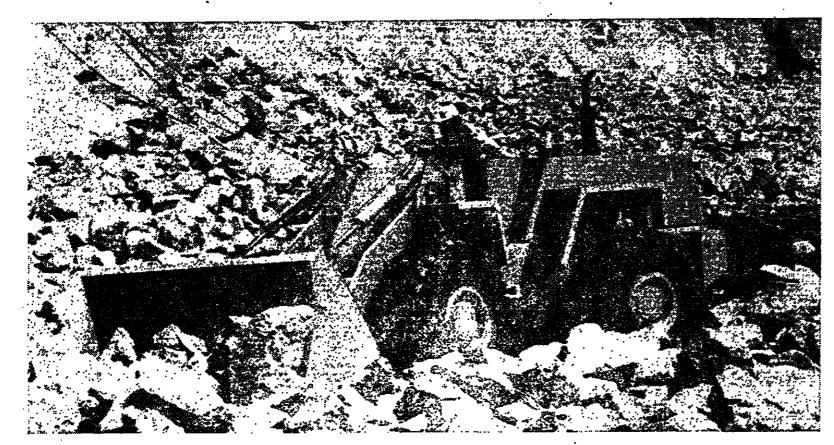
> Guyana's difficulties, whi slightly less acute, are still ver great. Aid from the IMF word off last December, her again as a result of the country failure to meet agreed target Negotiations between th IMF and Jamaica were recent broken off because Jaman felt that some of the condition set by the IMF were unacces

Both these countries ha been hit by a combination the fall of value of their maj export (sugar in the case Guyana and bauxite in the ca of Jamaica) and a massi increase in their oil bill. Th bill absorbed 50 per cent Jamaica's total hard current receipts last year. This figu alone points to the continuo difficulties such countries fat

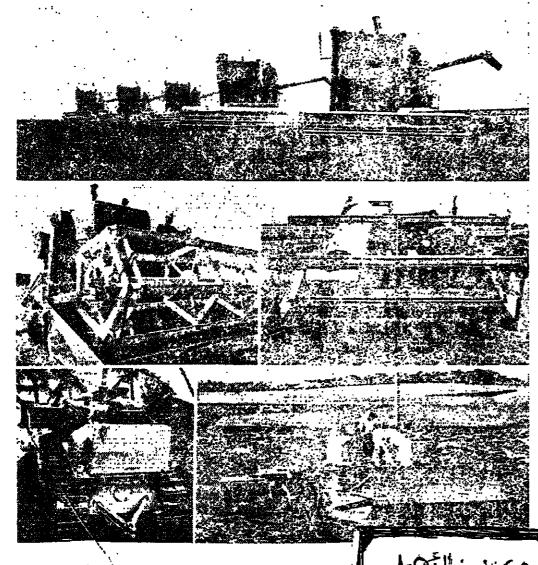
While some countries Latin America which ha faced difficulties in rece years over their economy—at hence their debt, have been able to overcome them. whi ever the social cost (Peri bankers feel it unlikely th

some of the smaller ones w find easy ways out. Latin America thus offe today a complete range Third World borrowers a rich Mexico and Venezuela

Rolling over debt might not be to their liking but there may be no other way out. Default ran up a massive de developed its economy rema very delicate task during How the international bank- area in general will continue ing spread of ; per cent above ing community faces up to what loom very large in the minds the London interbank rate for more than one banker feels international bankers.



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